ESR

STRENGTH IN UNITY

ESR Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1821

Annual Report 2023

About ESR

ESR is Asia-Pacific's ("APAC") leading real asset manager powered by the New Economy and one of the largest listed real estate investment managers. With approximately US$81 billion in fee-related assets under management ("AUM")[1] as at 31 December 2023, ESR's fully integrated fund management and development platform extends across various APAC markets, comprising Australia/New Zealand, Japan, South Korea, Greater China, Singapore, Southeast Asia ("SEA") and India, with a presence in Europe and the U.S. ESR is listed on the Main Board of The Stock Exchange of Hong Kong, and is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite and MSCI Hong Kong Indices.

Visit www.esr.com for more information.

FUND MANAGEMENT

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

NEW ECONOMY DEVELOPMENT

ESR's New Economy development platform has a comprehensive suite of technical capabilities and services covering every stage of the development cycle including land sourcing, design, construction and leasing.

INVESTMENT

ESR's investments comprise co-investments into its funds and REITs under management, investments in listed/privately held real estate investment vehicles, as well as investment properties (completed and under development).

Our cover design reflects the unity and strength embodied in ESR Group's unique fund management and development platform across Asia Pacific. The ESR Group logo extends to form an interlocked and dynamic 3D structure that symbolises the multifaceted nature of our platform's cross-collaboration. It expresses the boundless synergies within our businesses, and our collective unity towards a common purpose – to provide the best-in-class real estate development and investment solutions for a meaningful and sustainable growth in our business, the economy, and the environment.

Note:
1 Fee-related AUM excludes AUM from Associates and levered uncalled capital. Based on FX rates as at 31 December 2023.

ESR's Core Values

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

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

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

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

Contents

SPACE AND INVESTMENT SOLUTIONS FOR A SUSTAINABLE FUTURE

ESR Higashi Ogishima Distribution Centre 1, Kawasaki City, Japan

ESR's vision is to deliver a fully integrated solution to leading global capital partners and customers. Leveraging our scale, extensive offerings, capabilities, and resources, we provide a suite of best-in-class real estate development products and real asset investment solutions that spur meaningful, long-term sustainable growth for our business, the economy, and the environment. ESR is committed to making a positive impact to its stakeholders and communities.

APAC's Leading Real Asset Manager Powered by the New Economy

FEE-RELATED AUM[1,2]

US$81 billion

TOTAL AUM[1,3]

US$156 billion

GROSS FLOOR AREA (“GFA”)[4]

49 million sqm

MAINLAND CHINA

US$14 billion

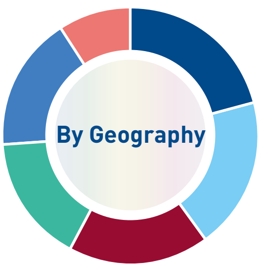
FEE-RELATED AUM

U.S. / EUROPE

US$13 billion

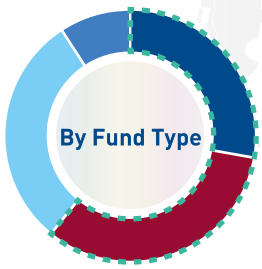
FEE-RELATED AUM

Fee-related AUM Composition



India / SEA / Pan-APAC	21%
Japan / South Korea	19%
Australia / New Zealand	18%
Mainland China	17%
U.S. / Europe	16%
Hong Kong	9%

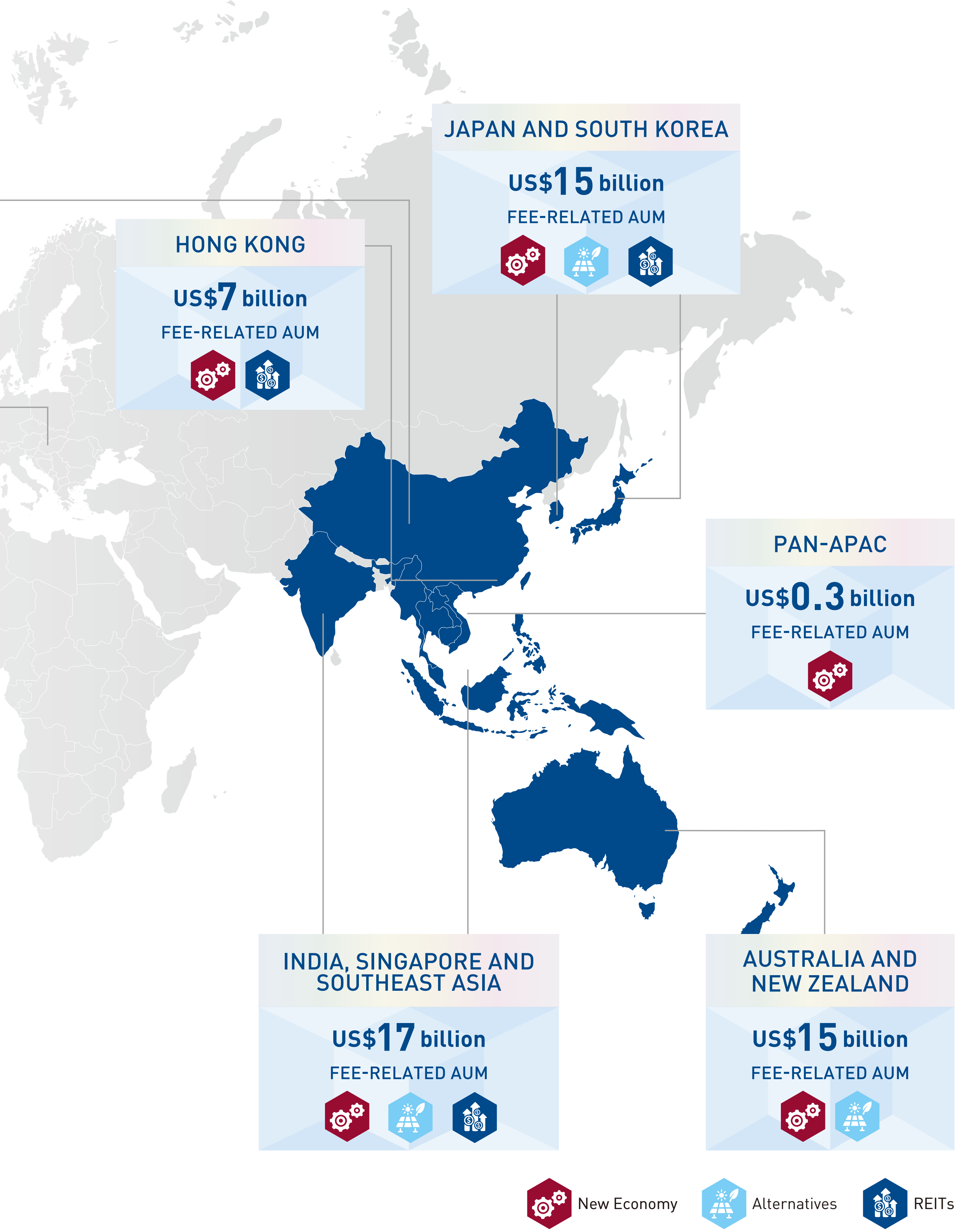
Private Logistics	44%
Listed REITs	28%
Credit	9%
Traditional Real Estate Funds	18%
Infrastructure and Data Centre	1%
New Economy	53%



Listed REITS	28%
Private Core	33%
Development	30%
Others	9%
Perpetual + Core	61%

* Information as of 31 December 2023

Notes:
1. Based on FX rates as at 31 December 2023.
2. Fee-related AUM excludes AUM from Associates and levered uncalled capital.
3. Total AUM included the reported AUM of the Associates and assumed the value of the uncalled capital commitments in the private funds and investment vehicles on a levered basis.
4. Excludes Associates.


JAPAN AND SOUTH KOREA
US$15 billion
FEE-RELATED AUM
HONG KONG
US$7 billion
FEE-RELATED AUM
PAN-APAC
US$0.3 billion
FEE-RELATED AUM
INDIA, SINGAPORE AND SOUTHEAST ASIA
US$17 billion
FEE-RELATED AUM
AUSTRALIA AND NEW ZEALAND
US$15 billion
FEE-RELATED AUM
New Economy
Alternatives
REITs

ESR's Business Model

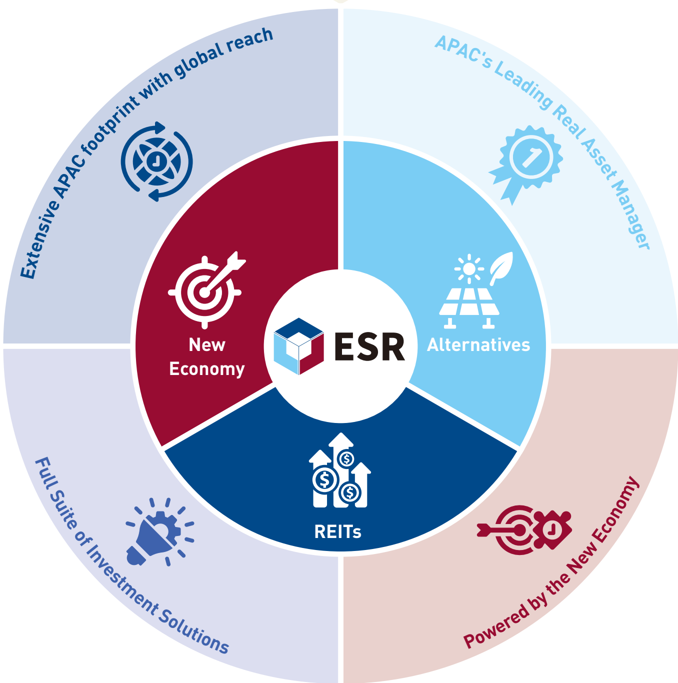
ESR stakeholders

Investors
ESR offers a unique and fully-integrated fund management and development platform which creates one-of-a-kind closed loop solutions ecosystem for investors.

Customers
ESR continually creates and delivers best-in-class space and provides integrated solutions for customers, setting new benchmarks in innovation and sustainable operations.

Employees
ESR's employees grow and develop alongside ESR, forging long term partnerships with investors and customers that are integral in driving ESR's growth to its fullest potential.

Community
Environmental, Social and Governance ("ESG") and sustainability are at the heart of ESR's business. ESR is driven by its conviction that its actions of today should generate a positive impact on the community.



Asset-light and Scalable Business Model

ESR is the fourth largest listed real estate investment manager globally and ranked as the top fund manager in Asia Pacific[1].

ESR is a leader in New Economy that delivers both quality and scale in logistics, data centres and in new emerging areas of growth such as life sciences and high-tech industrials.

ESR's fully-integrated fund management and development platform and business model generates recurring fees throughout the real asset value chain comprising asset management fees, development fees, acquisition and divestment fees, as well as promote fees.

ESR's unique platform extends key APAC markets of which nearly 95% of Fee Income[2] contribution is from APAC, grounded with a strong local team presence, brand premium and stakeholder relationships in each of its operating markets.

Notes:
1 Based on the ANREV Fund Manager Survey published on 29 May 2023.
2 Fee Income refers to the Fund Management segment revenue.

Awards and Accolades

CORPORATE EXCELLENCE

PERE 2023 APAC Fund Manager Guide: ESR Group
Ranked 2nd among leading private equity real estate fund managers in APAC

PRODUCT EXCELLENCE

MIPIM Asia Awards 2023
"Best Urban Regeneration Project" (Silver): ESR Higashi Ogishima Distribution Centre

3rd ABINC Awards
Excellent: ESR Amagasaki Distribution Centre and ESR Nanko Distribution Centre 2

PCA Innovation & Excellence Awards 2023
Best Business or Industrial Park: LOGOS Heathwood Logistics Estate

Real Estate Asia Awards 2023
Industrial Development of the Year: LOGOS Metrolink Logistics Hub

The Economic Times Real Estate Conclave & Awards 2023 | WEST
Best Industrial/Warehousing Project: ESR Chakan 2 Industrial and Logistics Park

IEIJ Good Lighting Award 2023
KLÜBB Lounges of ESR Yokohama Sachiura Distribution Centre 1 and ESR Yatomi Kisosaki Distribution Centre

2023 Housing Digital Innovation Awards
Most Innovative Finance Model: ARA Venn


ESR Higashi Ogishima Distribution Centre 1, Kawasaki City, Japan

SUSTAINABILITY

Hong Kong Green and Sustainable Finance Awards 2023
Outstanding Award for Green and Sustainable Loan Issuer (Real Asset Management) - Visionary Sustainability-linked Loan Performance Metrics: ESR Hong Kong

Positioning for Sustained Long-term Growth

CLEAR PATH TO MAXIMISING SHAREHOLDER VALUE

1 Business Simplification and Streamline

- Simplify the business by disposing non-core assets and businesses (targeting US$750 million) principally those in Traditional Economy sectors and/or those with lower operating margins.
- Re-focus on ESR's core business that spans logistics and data centres where ESR generates the highest returns, as well as new emerging areas of growth such as life sciences and infrastructure (particularly renewables).
- Grow ESR's suite of New Economy fund platforms across the value chain in APAC comprising development funds, core/core-plus funds and listed REITs, to suit a diverse range of capital partners.

2 Balance Sheet Optimisation

- Ongoing capital recycling to syndicate balance sheet assets into ESR-managed vehicles, thereby strengthening the balance sheet and achieving an optimal capital structure.
- Immediate focus on completing announced transactions in FY2023, including the launch of the C-REIT.
- Earmarked a further US$1.5-2.0 billion of assets and investments located mainly in Mainland China, Hong Kong, Japan and India that are well positioned for divestment and syndication.
- Target deployment of over US$2.0 billion in net proceeds to reduce the Group's Gearing over the medium term towards the low end of targeted 20-30% level.

3 Drive Positive Synergies From a Fully Integrated APAC New Economy Platform

- Complete the full integration of two leading New Economy platforms ESR and LOGOS into one single unified business across APAC, managed by a best-in-class management team.
- ESR Australia poised to be the second largest New Economy real estate manager with the largest development pipeline in that market.
- Further growth opportunities in SEA, data centre and infrastructure platforms.
- Further leverage economies of scale of the integrated businesses to generate additional revenue opportunities and achieve cost savings.

ESR Bringelly Road Business Hub, Sydney, Australia

4

Pursue Sustainable Revenue Growth and Cost Management Strategies

- Recycle capital to re-invest into new and existing fund products to drive recurring fee income growth as AUM scales.
- Continue to pursue disciplined cost management strategies to achieve stronger earnings and cashflow.
- Increased earnings and cashflow would support higher distributions or liquidity for share buybacks.

5

Growth in Fund Management EBITDA

- Increase and scale New Economy AUM and development pipeline, as well as establish more perpetual vehicles to underpin continued Fund Management EBITDA growth.

BUILDING ON SECULAR TRENDS

- **Sustained Growth in New Economy Real Assets**

  Leverage investor demand for New Economy real assets and alternatives, namely in logistics and data centres, as well as new emerging areas of growth such as life sciences, infrastructure and renewables, driven by favourable structural secular trends underpinned by the ongoing digital evolution aging demographics and the energy transition.

- **Consolidation in Asset Management Relationships**

  As global investors continue to navigate challenging private markets stymied by tighter financing options and higher capital costs, they look to increasingly consolidate their relationships towards a handful of large-scale managers and are allocating more capital to a smaller roster of platforms for efficacy.

- **Increasing Financialisation of Real Assets in APAC**

  The support of new REIT legislations in APAC countries such as China, South Korea and India, along with the growing need for professional management and institutional real assets are driving the acceleration of the financialisation of real assets in the APAC.

- **ESG-driven for Long-term Value Creation**

  With the increasing importance of ESG issues and the call to global action on climate change, more and more asset managers are steering capital towards sustainable investment activities and products and are incorporating ESG into their overall corporate strategy.

Financial Highlights

Fee-related AUM[1,2]
US$81 billion
+6.3% y-o-y

Total AUM[1,3]
US$156 billion
+7.3% y-o-y

Fund Management EBITDA[4]
US$579 million
+2.0% y-o-y / +8.9% y-o-y excluding Promote Fees

EBITDA[5]
US$885 million
-23.1% y-o-y

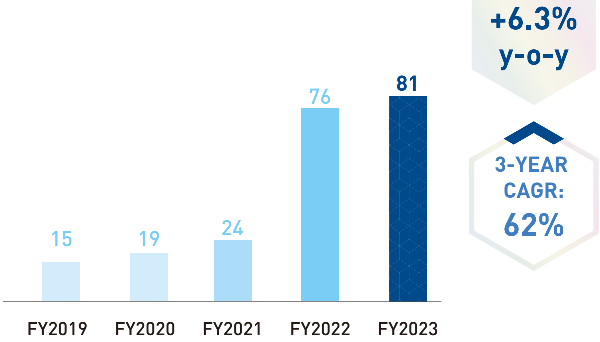
PATMI[6]
US$400 million
-38.8% y-o-y

Dividend per Share[7]
3.2 US cents

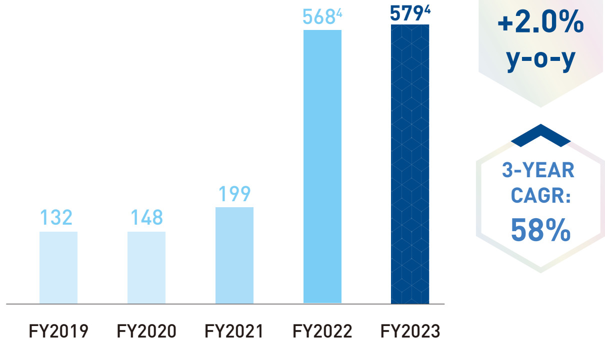
Dividend Yield
2.9%[8]

Notes:
1. Based on FX rates as at 31 December 2023.
2. Fee-related AUM excludes AUM from Associates and levered uncalled capital.
3. Total AUM included the reported AUM of the Associates and assumed the value of the uncalled capital commitments in the private funds and investment vehicles on a levered basis.
4. Fund Management EBITDA refers to the Fund Management segment result which excludes the share of fair value of financial derivative assets in relation to certain Associates.
5. Refers to EBITDA, which excludes the share-based compensation expense, share of fair value on investment properties and financial assets at fair value through profit or loss and financial derivative assets in relation to certain Associates, as well as impairment loss for non-core business; and in 2022 which also excluded the transaction costs related to the ARA Acquisition.
6. Refers to PATMI, which excludes the amortisation of intangible asset attributable to the ARA Acquisition (net of tax), share-based compensation expense related to ARA, share of fair value on investment properties and financial assets at fair value through profit or loss and financial derivative assets in relation to certain Associates, as well as impairment loss for non-core business; and in 2022 which also excluded transaction costs related to the ARA Acquisition.
7. Comprises the interim dividend of 12.5 HK cents per share paid on 29 September 2023 and the proposed final dividend of 12.5 HK cents per share for the year ended 31 December 2023.
8. Based on closing share price of HK$8.73 on 20 March 2024.

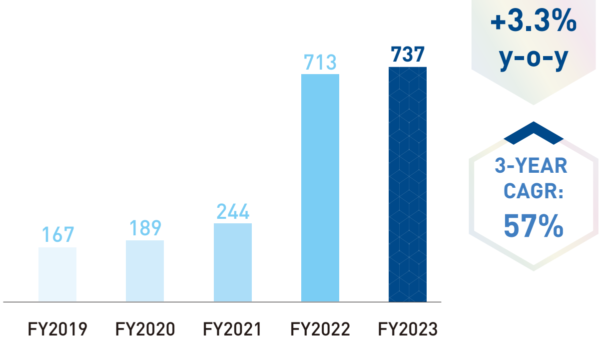
Fee-related AUM[1,2]
(US$ billion)



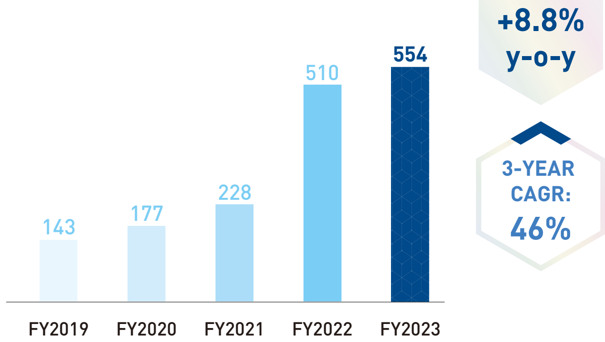
Fund Management EBITDA
(US$ million)



Fee Income[9]
(US$ million)



Fee Income[9] (ex. promote fees)
(US$ million)



Balance Sheet (US$ million)	FY2019	FY2020	FY2021	FY2022	FY2023
Total assets	6,352	7,687	9,338	16,199	16,191
Cash and bank balances	884	1,515	1,638	1,807	1,002
Bank and other borrowings	2,571	3,295	4,248	5,497	5,980
Net debt[10]	1,687	1,780	2,610	3,690	4,978
Net debt/total assets	26.6%	23.2%	27.9%	22.8%	30.7%

Notes:
9. Fee Income refers to the Fund Management segment revenue.
10. Net debt is calculated as bank and other borrowings less cash and bank balances.
* EBITDA, Adjusted EBITDA and Adjusted PATMI are non-IFRS measures. These measures are presented because the Group believes they are useful measures to determine the Group's financial condition and historical ability to provide investment returns. EBITDA, Adjusted EBITDA, Adjusted PATMI and any other measures of financial performance should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net profit or indicators of the Group's operating performance on any other measure of performance derived in accordance with IFRS. Because EBITDA, Adjusted EBITDA and Adjusted PATMI are not IFRS measures, these may not be comparable to similarly titled measures presented by other companies. Refer to non-IFRS measures reconciliation in page 242.

Message from Chairman

JEFFREY DAVID PERLMAN
Chairman

"Looking ahead, I am confident in our ability to capitalise on emerging opportunities and to drive long-term sustainable growth."

Dear Shareholders,

Despite a challenging macroeconomic landscape in 2023 with one of the most difficult fundraising environments on record due to significant shifts in interest rates, sustained inflation and geopolitical headwinds, we continued to navigate the complex environment effectively, delivering on our three core priorities during the year. These included: (i) reinforcing our market leadership in New Economy with over US$6 billion in development starts and over US$4 billion of completions, (ii) further simplifying and streamlining the business with the recent announced sale of the ARA Private Funds business, and (iii) growing our AUM and Fund Management EBITDA[1] to now reach nearly 60% of our Segmental EBITDA.

I am very proud to highlight the record Fund Management EBITDA[1] of US$579 million for FY2023, representing a 2% growth year-on-year ("y-o-y") or 8.9% y-o-y excluding promote fees. The Group's revenue was up by 6% from US$821 million in FY2022 to US$871 million in FY2023. Impacted by lower fair value gains across key markets and higher interest costs as a result of the material change in the interest rate environment, EBITDA[2] was at US$885 million, 23.1% lower y-o-y, and PATMI[3] was at US$400 million, 38.8% lower y-o-y, outperforming most of our peers.

Healthy capital raising amid a challenging environment

Our integrated fund management and development platform in APAC has shown remarkable strength, marked

Notes:
1. Fund Management EBITDA refers to the Fund Management segment result which excludes the share of fair value of financial derivative assets in relation to certain Associates.
2. Refers to EBITDA, which excludes the share-based compensation expense, share of fair value on investment properties and financial assets at fair value through profit or loss and financial derivative assets in relation to certain Associates, as well as impairment loss for non-core business; and in 2022 which also excluded the transaction costs related to the ARA Acquisition.
3. Refers to PATMI, which excludes the amortisation of intangible asset attributable to the ARA Acquisition (net of tax), share-based compensation expense related to ARA, share of fair value on investment properties and financial assets at fair value through profit or loss and financial derivative assets in relation to certain Associates, as well as impairment loss for non-core business; and in 2022 which also excluded transaction costs related to the ARA Acquisition.

ESR Jiangsu Friend Phase III, Kunshan, China

by increased earnings stemming from higher Fee-related AUM[4,5] and robust operating fundamentals. Fee-related AUM[4,5] grew by 6.3% y-o-y to reach approximately US$81 billion, while Total AUM[5,6] increased by 7.3% to approximately US$156 billion.

Underscoring the strength of our transformation, Fund Management EBITDA[1] now comprises nearly 60% of ESR's total segmental EBITDA, up from 21% at IPO in 2019.

Despite the subdued fundraising environment for the past two consecutive years, ESR successfully collaborated with capital partners to achieve a capital raise of US$7.5 billion in FY2023. One of our milestone accomplishments was the establishment of ESR's largest-ever RMB Income Fund in China with a total investment capacity of RMB10 billion and a seed portfolio from ESR's balance sheet.

Other key capital raising commitments and initiatives in FY2023 included a further upsize for the ESR Data Centre Fund ("ESR DC Fund 1") to US$1.35 billion, which represents a pipeline of up to 575 MW; and LOGOS's Green Data Centre Fund to invest in build-to-suit data centre projects across APAC with an identified pipeline of 375MW.

Our robust fundraising momentum has carried over into 2024, and in the first quarter of the year, we successfully raised approximately US$1 billion, including the establishment of our first perpetual, open-ended logistics core fund in South Korea, holding an initial portfolio of seven high quality Class A logistics warehouses valued at approximately US$2 billion. This achievement further bolstered our distinguished track record, highlighting a net internal rate of return ("IRR") exceeding 25% and a 3.5x equity multiple achieved for investors in the ESR-KS Development Fund 1.

On the back of our growing fund AUM, Fund Management Fee Income has demonstrated impressive growth, with a three-year compounded annual growth rate ("CAGR") of 57% since 2020. Moreover, our business has become significantly more diversified across APAC, with notable contributions from North Asia (Japan and South Korea), India/SEA and Australia and New Zealand now representing the three largest regions, contributing 36%, 22% and 21% of Fee Income, respectively.

Notes:
4. Fee-related AUM excludes AUM from Associates and levered uncalled capital.
5. Based on FX rates as 31 December 2023
6. Total AUM included the reported AUM of the Associates and assumed the value of the uncalled capital commitments in the private funds and investment vehicles on a levered basis.

Optimising our balance sheet

With a rigorous focus on the balance sheet, we continued to further syndicate assets from our balance sheet into funds managed by the Group, with a particular focus on Greater China. We are set to finalise announced transactions worth approximately US$800 million and aim to achieve an additional US$1.5 to US$2 billion of balance sheet asset sell-downs and syndications over the next 12 months.

These planned divestments to ESR-managed vehicles, alongside announced non-core divestments, will enhance recurring fee revenue and are anticipated to further decrease the Group's Gearing (being net debt over total assets) in the medium term. The resulting interest savings from reduced Gearing could contribute to potential distributions or be allocated for future share buybacks.

Simplifying our business

In line with our focus on New Economy, we identified up to US$750 million of non-core divestments in 2023, which would complement our balance sheet optimisation. In March 2024, a significant milestone was reached when we announced the sale of the ARA Private Funds business, and we have additional non-core divestments in various stages of progress.

Additionally, the Group is working towards the final stages of the LOGOS integration over the balance of the year. The successful integration will deliver a combined Australia/New Zealand business that will represent the largest New Economy developer and the second largest New Economy manager (by AUM and deployment of uncalled capital). It will also create further scale in data centres with complementary funds and strategies.

To date, the overall ARA business integration has achieved US$35 million of cost synergies. Further revenue and cost synergies are expected in FY2024 and FY2025 from a fully integrated APAC New Economy platform.

Appreciation and looking ahead

I would like to extend my sincere gratitude to our esteemed Board of Directors for their support and insight and would also like to welcome Joanne McNamara as our newest Non-executive Director. I would also like to thank our management team, led by Stuart and Jeffrey, and all our dedicated employees, for their unwavering commitment and hard work which have been instrumental to achieving our core priorities in the year. To our capital partners, customers, and shareholders, your trust and support remain the bedrock of our success.

Looking ahead, I am confident in our ability to capitalise on emerging opportunities and to drive long-term sustainable growth. The Group has substantial dry powder to deploy on behalf of investors when asset pricing is becoming more favourable and development returns are strong.

As a fully integrated developer and fund management platform, we are well-positioned to drive recurring fee growth by providing a full suite of best-in-class solutions and product platforms to deliver sustainable value for all stakeholders.

JEFFREY DAVID PERLMAN
Chairman
21 March 2024

Message from Group Co-founders and Co-CEOs

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

"Enhancing investor value remains a key priority for us, and we remain positive on the demand for New Economy assets across APAC which continues to benefit from long-term structural tailwinds..."

2023 was a year of focused execution for ESR, and we are proud to have delivered growth in our funds management business on the back of strong operating performance, underpinned by our high-quality real assets, record leasing track record and strong commitment to ESG practices.

Outstanding operating performance with strong underlying fundamentals

In the year ended 31 December 2023, our operating fundamentals for New Economy assets remained resilient, with the Group achieving a record leasing of 5.3 million sqm[1] of space.

Our managed portfolio of New Economy assets maintained close to full occupancy, thus driving strong double-digit rent renewals in several of our key APAC markets. We closed the year positively with a portfolio occupancy[1,2] rate of above 91% (98% excluding Mainland China) for our New Economy assets, and we secured strong rental reversions[1,3] of approximately 8.2% (14.3% excluding Mainland China).

We recorded very high rental growth rates in Australia and South Korea at approximately 19.5%. This growth significantly mitigated the cap rate expansion for assets in the two countries, save for those with longer Weighted Average Lease Expiry ("WALE"). As for Mainland China, we would like to provide assurance that we have been very selective, with nearly 70% of the stabilised properties located in major economic hubs in the Yangtze River Delta and Greater Bay Area where demand is driven by the strong activity in renewable energy industries and cross-border e-commerce, respectively.

In addition, we continue to maintain a well-staggered lease expiry profile with WALE of 4.6 years[1] (by income) with a diverse customer base of over 920 across our New Economy portfolio.

Large New Economy development workbook for future earnings growth

To drive future fees and development profit, we have a large development pipeline of over 24.5 million sqm of GFA, including a sizeable landbank of about 7 million sqm

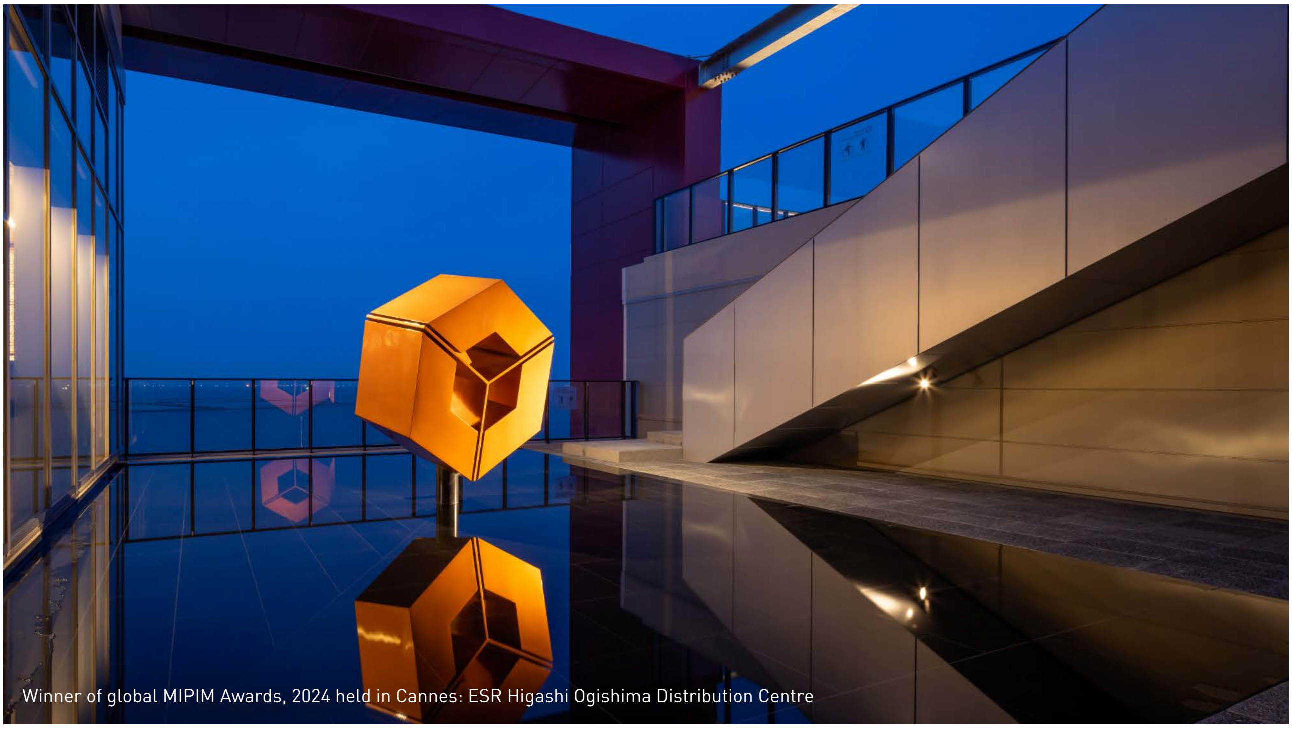
Notes:
1 New Economy assets only. Excluding listed REITs and associates.
2 Stabilised New Economy assets only.
3 Weighted by AUM of each respective country.

for future development. Amid the macro challenges, we remained focused on consistently developing and delivering high value projects at scale. Development activity was solid with US$6.3 billion and US$4.2 billion of starts and completions, respectively, in the year.

Our APAC presence is robust and well-diversified. In total, only 2% of the development starts were in Mainland China where we materially slowed the pace of new development projects. 61% of development completions were mainly from Australia, Japan, South Korea, followed by 30% from Mainland China. Similarly, in terms of work-in-progress projects, Japan, South Korea, and Australia and New Zealand took the majority at 52%, India/SEA, and Hong Kong were at 26%, and data centres made up a further 13% of the total.

Our Data Centre business, which is a key growth catalyst, is expected to be an increasing contributor to the Group with 24% of development starts in the year. Upon completion of our first batch of eight facilities across APAC under our inaugural US$1.35 billion ESR DC Fund 1, we will have 575 MW of data centre capacity. In addition, we are working on a pipeline of land and projects which will contribute more than one gigawatt (1 GW).

Aside from data centres, we would like to take this opportunity to spotlight some of our up-and-coming landmark projects that will create new benchmarks in the market. Our subsidiary LOGOS is currently developing the A$4.2 billion 243-hectare Moorebank Intermodal Precinct, Australia's largest intermodal logistics precinct that will offer unmatched supply chain benefits, warehousing opportunities, and connectivity with on-site linkages with future inter/intrastate rail linehaul. In Japan, we are developing the US$1.5 billion 500,000 sqm multi-phase logistics park, ESR Kawanishi Distribution and Techno Park, one of the largest and most significant urban rezoning developments to accommodate the country's ongoing expansion in e-commerce. In South Korea, we are developing the US$800 million 685,475 sqm logistics park, Busan New Port, located in Greater Busan, South Korea's largest container terminal and the world's sixth largest port by volume. As part of our expansion plan across SEA, we are developing the ESR Asia Suvarnabhumi industrial estate and have commenced a built-to-suit development for Nasdaq-listed Advanced Energy's flagship factory within the ESR Asia Laem Chabang industrial estate in Thailand.



Winner of global MIPIM Awards, 2024 held in Cannes: ESR Higashi Ogishima Distribution Centre

Strong capital position sustains value creation

Through our proactive capital management strategies, we have maintained a strong capital position with ample liquidity of an aggregated US$2.5 billion of cash and loan drawdown capacity. We successfully diversified the Group's funding sources through various initiatives in the year including a US$1.2 billion multi-currency revolving credit facility secured with various foreign banks, the closing of JPY30 billion of Japanese Yen-denominated fixed rate bonds, and a series of seven sustainability-linked loans. Furthermore, once our announced transactions in 2023 are completed, with proceeds applied towards debt repayment, our Gearing over the medium term is expected to reduce towards the low end of our Gearing target of 20–30%.

Building a sustainable future

In line with our purpose to provide *Space and Investment Solutions for a Sustainable Future*, we have made significant progress across the three key pillars under the ESG Framework — "Creating a Human Centric environment that is safe, supportive and inclusive for stakeholders", "Developing and maintaining a sustainable and efficient Property Portfolio" and "Delivering outstanding Corporate Performance for sustained and balanced growth".

To build a more inclusive and equitable workplace, our female representation increased to approximately 45.4% as at end 2023. Across the Group, community investment efforts continue to be implemented under three dedicated focus areas, namely: "Strengthening Social Resilience, Health and Well-being", "Promoting Education & Upskilling", in addition to "Protecting the Environment".

On the environmental front, as part of our focus on developing and maintaining sustainable and efficient buildings, we have since installed a total of 112 MW of rooftop solar power capacity as well as 809 EV charging stations across our portfolio. In addition, we have launched synergistic partnerships, including in some cases with tenants, in our collective transition towards a low-carbon future. Over 42% of our portfolio of completed, directly managed assets have obtained sustainable building certifications and ratings, such as LEED, WELL and NABERS.

We are committed to upholding the utmost standards of corporate governance to ensure accountability, transparency, fairness, and integrity across all of our operations. Our ESG commitment further enabled us to strengthen our leadership in sustainable financing, with seven sustainability-linked loans worth approximately US$4 billion closed. We are heartened that our robust ESG disclosure practices continue to receive recognition by maintaining rankings across various global ESG benchmarks and ratings, such as GRESB, MSCI, Sustainalytics, and ISS.

An example of how we put this approach into practice is the development of ESR Higashi Ogishima Distribution Centre in Japan, which emerged as the only Asian winner of top honours at the recent global MIPIM Awards 2024, garnering the "Best Industrial & Logistics Project" and "Special Jury Award" accolades. ESR Higashi Ogishima Distribution Centre incorporates sustainability features including a seismic base isolation structure and 2.5 MW solar self-consumption installation, and human-centric amenities such as a BARNKLÜBB that extends free day care for children of workers.

Looking ahead

Enhancing investor value remains a key priority for us, and we remain positive on the demand for New Economy assets across APAC which continues to benefit from long-term structural tailwinds, driven by the continued rise of e-commerce, technology advances in artificial intelligence ("AI") and life sciences, and the rise in renewables as the energy transition gathers momentum.

We have a clear and resolute path to sustained growth. This includes forging ahead with our business transformation and simplification priorities on various fronts to unlock value. On the operations front, we expect market demand and supply drivers in our key operating markets of Australia, Japan and Korea to support high occupancy rates and rent growth in 2024. In addition, our priority includes achieving a sustained growth in Fee-related AUM and fund management earnings. We will remain cautiously optimistic on deploying US$23.9 billion of dry powder (of which over US$13 billion is in New Economy) in the second half of 2024, specifically in growth opportunities in ESR's data centre and SEA platforms.

In this ever-changing external environment, we expect our balance sheet to remain well-capitalised with a plan to further reduce our Gearing with balance sheet divestments. As we expect a y-o-y reduction in interest expense for FY2024 on lower debt and hopefully reduced base rates, we will also refinance some of the existing debt with longer term fixed rate debt to achieve a more balanced mix of fixed and floating debt. This will allow us to be well-positioned to support our long-term AUM growth.

We would like to take this opportunity to thank our investors and customers for their trust and support, our Board of Directors for their vision and guidance, and our management team and colleagues for their dedication and commitment as we continue to solidify ESR's leadership in APAC's New Economy.

STUART GIBSON AND JINCHU SHEN
Group Co-founders and Co-CEOs
21 March 2024

Year in Review

January

ESR took a strategic stake in Vietnam's leading logistics and industrial player – BW Industrial, accelerating its expansion in a high growth market.

February

ESR Japan completed ESR Yokohama Sachiura Distribution Centre 2 in Greater Tokyo, the second phase of the master-planned 750,000 sqm ESR Yokohama Sachiura Logistics Park which is set to be the largest logistics park (by value) in Japan and APAC upon completion.

ESR Kendall Square completed Geomdan Logistics Park, a landmark, Class A 150,000 sqm logistics complex in the prime Gimpo market in South Korea.

March

ESR China completed its rooftop solar project at ESR Shenyang Yibei Logistics Park in China, contributing renewable energy to the power grid in Shenyang and providing an alternative green power source for tenants and local communities.

ESR received approval from The Stock Exchange of Hong Kong Limited on the proposed potential listing of a China REIT on the Shanghai Stock Exchange.

ARA partnered SMFL MIRAI Partners Company, Limited and Kenedix, Inc. to jointly invest in a second property in Singapore, Lazada One, a Green Mark Platinum certified commercial building.

April

ESR India expanded its presence in Gujarat through the acquisition of 38 acres with a development potential of 1 million sq ft. in Sanand, a growing market for electric vehicle manufacturing.

ESR Japan completed the nine-storey Higashi Ogishima Distribution Centre, Japan's tallest logistics facility, in the Tokyo metropolitan area.

May

ESR expanded into Thailand, with the opening of its Thailand office and is developing two logistics and industrial parks in Rojana Industrial Estate Laemchabang and Asia Industrial Estate Suvarnabhumi.

ESR announced a strategic partnership with Indonesia Investment Authority and MC Urban Development Indonesia to invest in the development of modern warehouse facilities in Indonesia, marking the start of ESR's fund and investment management business in the country.

June

ESR China completed ESR Shenyang Hualong E-commerce Industrial Park (fully tenanted to JD.com), ESR Chengdu Qingbaijiang Cold Chain Industrial Park and ESR Suzhou Zhangjiagang High-end Manufacturing and Supply Chain Industrial Park.

July

ESR China completed ESR Nanning Wuxiang E-commerce Logistics Park located in the Wuxiang New District, an emerging core logistics area which is much sought after by e-commerce and third-party logistics companies.

ESR Japan completed the construction of ESR Kazo Distribution Centre 2 and welcomed its first tenant, which is among the top 10 transportation and logistics companies in Japan.

ESR Kendall Square completed the 100% pre-leased Pyeongtaek Logistics Park in South Korea.

August

ESR closed the first HK$1.6 billion Sustainability-Linked Loan in Hong Kong for a brown field data centre project, ESR HK1 Data Centre.

ESR Japan commenced the development of ESR Kawanishi Distribution and Techno Park, which will be the largest distribution hub in Japan with a GFA of approximately 750,000 sqm.

ESR China completed ESR Taicang Dongyouyue Industrial Park located in Taicang (within Suzhou), which is home to a national-level economic development zone and a provincial level high-tech zone.

ESR established its largest-ever RMB Income Fund in China with a total investment capacity of approximately RMB10 billion.

Geomdan Logistics Park, Geomdan New City, Korea

September

ESR Australia and Solar Bay form Australian-first renewable energy partnership to invest up to A$500 million in renewable energy infrastructure over the next decade.

ESR China completed the approximately 344,840 sqm phase one of its largest development project in China, ESR Qingpu Yurun Logistics Park, in Shanghai, providing one-stop cold and dry storage solutions for tenants.

ESR Indonesia commenced construction of ESR Karawang Logistics Park 1, the first Grade A facility in Karawang, Indonesia.

ESR India expanded into Odisha with the acquisition of a 57-acre land in Cuttack for the development of ESR Cuttack Logistics Park, the region's only institutional-grade facility with Grade A specifications.

ESR's core joint venture in Japan closed JPY 59 billion Trust Asset-Backed Loan.

ESR and Chinachem break ground on Hong Kong's largest and most advanced cold storage facility, Kwai Chung Cold Storage Logistics Centre.

October

ESR Thailand commenced the construction of the built-to-suit development of Nasdaq-listed Advanced Energy's flagship factory within the ESR Asia Laem Chabang industrial estate.

ESR India expanded its footprint in Nagpur by acquiring a 58-acre land for the development of ESR Nagpur Logistics Park 2 in India's emerging warehousing hub.

ESR raises additional third-party equity for the last phase of landmark 650,000 sqm multi-billion ESR Higashi Ogishima Distribution Centre in Greater Tokyo.


ESR Qingpu Yurun Logistics Park, Shanghai, China

November

ESR and Chinachem closed Hong Kong's first-ever HK$8.8 billion Green Loan for the development of a logistics centre (Kwai Chung Cold Storage Logistics Centre).

ESR China completed the construction of ESR Langfang Baiyi Logistics Park located in the Langfang Guangyang Economic Development Zone in China's Hebei province.

ESR Japan commenced the development of ESR Itami Distribution Centre located within the Greater Osaka area.

December

ESR Kendall Square completed the sale of Ilsan Distribution Centre, a fully leased data and logistics centre in Goyang, South Korea.

The China Securities Regulatory Commission and Shanghai Stock Exchange received ESR's application for the registration and listing of AVIC ESR Warehouse Logistics Closed Infrastructure Securities Investment Fund.

ESR entered the renewable energy market in South Korea by securing KRW14.7 billion funding from Korean Development Bank to install and operate over 13 MW of solar power capacity on seven assets owned by ESR Kendall Square REIT.

ESR Japan Income Fund completed its first acquisition in Nagoya for JPY16.4 billion from an ESR-managed development fund.

ESR and BW announced the ground breaking of a ready-built industrial facility strategically situated in Vietnam's Dinh Vu — Cat Hai Economic Zone in Hai Phong city.

ESR China completed the construction of ESR Fenhu Modern Industry and Service Park which is at the heart of the Yangtze River Delta in China.

CORPORATE HIGHLIGHTS

ESR received first-time investment grade 'AA-' rating with stable outlook from the Japan Credit Rating Agency, Ltd ("JCR").

ESR debuted a JPY30 billion bond issuance, backed by 'AA-/ stable outlook' JCR credit rating.

ESR unveiled its ESG 2030 Roadmap, reaffirming commitment to accelerate long-term sustainable growth.

ESR achieved top recognition in the 2023 GRESB assessment, the leading global environmental social and governance benchmark for real estate and infrastructure investments.

ESR boosted its senior leadership team with the appointments of Mr Josh Daitch as Group Chief Investment Officer and Mr Matthew Lawson as Group Chief Operating Officer.

ESR appointed Ms Joanne McNamara, Executive Vice President, Head of Europe, for Oxford Properties Group, as a Non-executive Director to the Group's board of directors, with effect from 1 January 2024.

Capital Management | Market Update | Partnership | People | Property | REIT | Sustainability

DELIVERING FUND MANAGEMENT EXCELLENCE AND OPERATIONAL RESILIENCE

ESR Fenhu Modern Industry and Service Park, Suzhou, China

STEADY GROWTH IN FUND MANAGEMENT

Sustainable Growth

US$81 billion

Fee-related AUM[1]

Strong Capital Raise

US$7.5 billion

24 new/upsized funds/mandates

Dry Powder

US$23.9 billion

US$13.5 billion New Economy

RESILIENT NEW ECONOMY OPERATING PERFORMANCE

High Portfolio Occupancy[2,3]

91% / 98%

Portfolio Portfolio ex-China

Positive Weighted Average Rental Reversions[2,4]

+8.2% / +14.3%

Portfolio Portfolio ex-China

Record Leasing

5.3 million sqm

of space[2]

DIVERSIFIED NEW ECONOMY DEVELOPMENT WORKBOOK

Strong Pipeline

US$14.1 billion

Work-in-progress

Solid Development Activity

US$6.3 billion

Development starts

and

US$4.2 billion

Development completions

Notes:
1. Fee-related AUM excludes AUM from Associates and levered uncalled capital. Based on FX rates as at 31 December 2023.
2. New Economy assets only and excludes listed REITs and Associates.
3. Stabilised New Economy assets only.
4. Weighted by AUM.

Operations Review

Opo A, B, C Logistics Park, Gyeonggi-do, South Korea

NEW ECONOMY FOCUSED FUND MANAGEMENT PLATFORM

ESR Group has a high quality and diversified asset portfolio under management in the APAC region, with Fee-related AUM[1] valued at approximately US$81 billion as at 31 December 2023. The Group is committed to its strategic New Economy real assets focus which comprises industrial and logistics real estate, as well as emerging growth areas such as data centres and infrastructure. ESR Group's strategy is to build dominant market positions across all the major APAC markets. Combined, these markets contribute nearly 95% of the Group's Fee Income[2]. ESR Group's business is underpinned by experienced on-the-ground local teams with capabilities spanning greenfield and brownfield development, leasing, facilities management, property and asset management, and investment management. The Group has built a strong brand reputation in the markets in which it operates as well as established solid local and global relationships with key stakeholders in each market.

Fee Income[2] by Geography[*]

Japan and South Korea	36%
India and SEA	22%
Australia/New Zealand	21%
Mainland China	11%
Hong Kong	5%
U.S. / Europe	6%

The Group is focused on growing its foundation of stable and predictable earnings and now has more than 60% of its Fee-related AUM in longer-term core or perpetual vehicles. This has in part been achieved by establishing or growing public REITs and new perpetual core vehicles such as what the Group has established in various markets across the region. This contribution is anticipated to increase as ESR continues to actively pursue the augmentation and growth (organic and inorganic) of such funds and REITs.

After the financial year end, in February 2024, ESR announced the launch of its first perpetual, open-ended logistics core fund in South Korea, achieving over 25% net IRR for the ESR-KS Development Fund 1 investors. The debut of the Korea Core Fund complements ESR Korea's product offering and fund structures which now includes a full suite of investment vehicles spanning development, core-plus/value-add and a listed REIT. The Group is focused on replicating this same closed-loop ecosystem in other key markets in which ESR operates.

HEALTHY CAPITAL RAISING AMID CHALLENGING ENVIRONMENT

Against the backdrop of a subdued capital raising environment within the APAC region, ESR Group achieved a capital raise of US$7.5 billion in FY2023. Of this, US$2.7 billion was driven by New Economy, which bolstered the Group's New Economy dry powder to approximately US$13.5 billion. The Group is actively deploying capital for the APAC Infrastructure Fund as well as the ESR DC Fund 1 which achieved its final close of US$1.35 billion.

For FY2023, ESR Group raised 24 new or upsized funds and mandates alongside diversifying its investor base with the addition of 11 new strategic capital partners. Investors remain committed to allocating capital into APAC New Economy real assets as structural long-term trends such as a growing middle class, increasing disposable income, growing e-commerce and increasing demand for data continue to underpin growth in the sectors which ESR targets. In response to changing investor dynamics, the Group has been successful in pivoting its efforts in Mainland China to focus on onshore RMB capital sources and in 2H2023 closed a RMB10 billion China Income Fund, its largest-ever RMB income fund, seeded with portfolio assets from ESR Group's balance sheet.

Notes:
1. Fee-related AUM excludes AUM from Associates and levered uncalled capital. Based on FX rates as at 31 December 2023.
2. Fee Income refers to the Fund Management segment revenue.
* Percentages may not sum up due to rounding

FY2023 CAPITAL RAISE

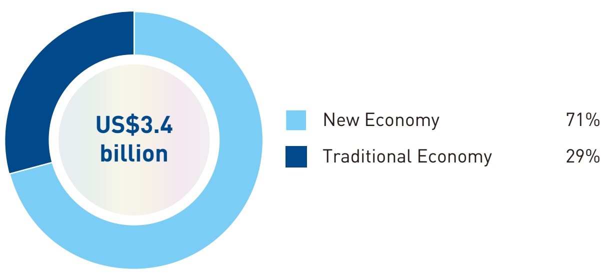
Fund Type	Region	Capital Raise (US$ million)
Development	APAC Data Centres	1,133
	SEA	192
	Australia	140
	Mainland China	94
	South Korea	24
Subtotal		**1,583**
Core	Mainland China	737
	South Korea and Japan	185
	Pan-APAC	100
	SEA	19
	U.S., UK and Europe	522
Subtotal		**1,563**
Credit	Europe/South Korea	4,340
Total		**7,486**

BUSINESS TRANSFORMATION AND SIMPLIFICATION

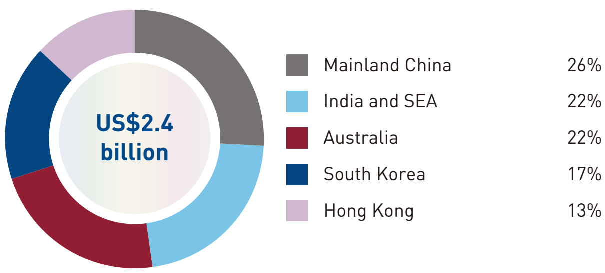
ESR Group is focused on completing its business transformation and simplification through streamlining its business to focus on the management of New Economy real assets. Ongoing initiatives include the sell-down of more assets from ESR Group's balance sheet into ESR-managed vehicles (including the listing of ESR's C-REIT on the Shanghai Stock Exchange), divestment of non-core assets and businesses that do not fit within its New Economy focus, and driving cost synergies post the completion of the integration of various businesses.

Investments in Joint Venture Associates ("JVA") by Sector

As of 31 December 2023



Investments in JVA (New Economy Sector) by Region

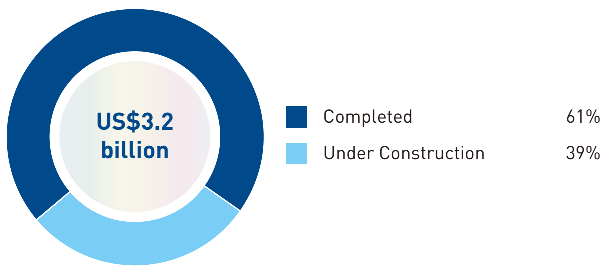


On balance sheet optimisation, Mainland China remains a key focus for ESR Group. Concerted efforts are being spent on completing the US$0.8 billion worth of transactions that were announced last year, including the launch of the C-REIT. The sale of balance sheet assets to a domestic insurance company were partially completed, with the rest and the C-REIT launch targeted to complete in 2024. Further to this, management has also earmarked a further US$1.5 to US$2.0 billion of assets located mainly in Mainland China, Hong Kong, Japan and India that are now well positioned for divestment or further syndication. The aggregate net proceeds from all these asset and syndication initiatives are sizable — at over US$2.0 billion. These planned sell-downs alongside the announcement of non-core divestments are expected to reduce the Group's gearing over the medium term towards the low end of the Group's target gearing range of 20–30%.

As of 31 December 2023, the total value of the investment properties held on ESR's balance sheet was US$3.2 billion. This accounted for approximately 2.1% of total AUM across the portfolio as at 31 December 2023. As a result of a deliberate strategy to optimise the Group's balance sheet over the past several years, only about 4% of the US$14 billion work-in-progress is undertaken on the balance sheet. Refer to "Property Portfolio" on pages 27 and 28 for more information on ESR's Balance Sheet investment properties.

Investment Properties

As of 31 December 2023



In line with ESR's focus on streamlining its business, the divestment of the ARA Private Funds ("APF") platform was announced on 11 March 2024[3]. The sale of APF will achieve net proceeds of approximately US$290 million and will rebalance ESR towards its New Economy core. This marks the first signed and announced divestment towards a target of US$750 million non-core disposals for ESR Group, with other sale processes commenced or in planning stages.

Additionally, the full integration of LOGOS is well underway with the combined platform able to fully leverage its economies of scale and the skills of two best-in-class management teams. In Australia, the combined business is the second largest with the largest development pipeline in the market and combining the businesses across key SEA markets provides the scale that ESR's investors are looking to capture in this burgeoning growth region for New Economy assets.

Note:
3. Refer to Announcement "Disclosable Transaction In Relation to Sale of ARA Private Funds Business" dated 11 March 2024.

BEST-IN-CLASS ASSET PORTFOLIO

Operating fundamentals for the Group's New Economy assets remain robust, with the Group leasing a record 5.3 million sqm of space[4] in 2023. Furthermore, as at 31 December 2023, the portfolio occupancy rate[4,5] for the Group's New Economy assets remained above 91% (98%, excluding Mainland China) on the back of strong weighted average rental reversions[4,6] of approximately 8.2% (14.3%, excluding Mainland China). Leases in Australia and Korea accounted for the highest rental growth rates, achieving approximately 19.5% in the year. This significantly mitigated the cap rate expansion for assets in Australia and Korea, save for those with longer WALE. Additionally, the Group has been extremely selective in China, with nearly 70% of stabilised properties located in major economic hubs along the Yangtze River Delta and Greater Bay Area whereby demand is driven by strong activity propelled by renewable energy industries and cross-border e-commerce.

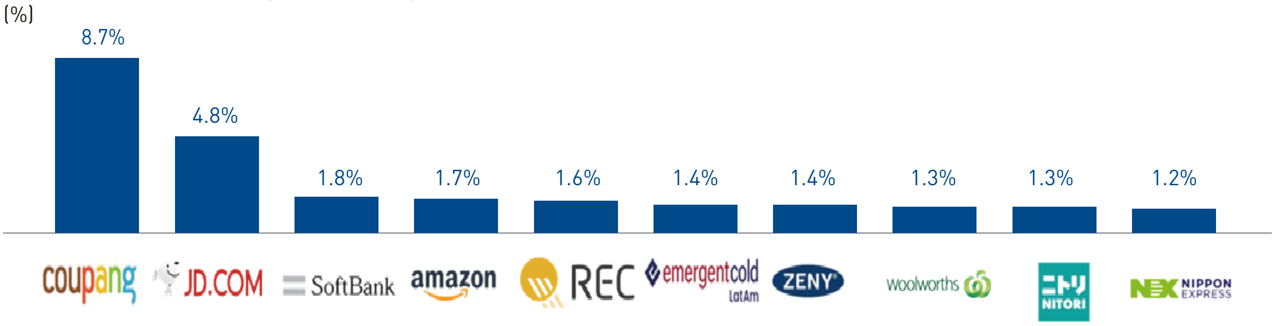
ESR's New Economy assets are built to exacting standards in terms of functionality and sustainable practices and remain well-sought after by customers and capital partners alike. This can be evidenced by ESR's well-diversified customer base, with over 920 customers, of which 65% of customers are operating in New-Economy related sectors[7] such as e-commerce and third-party logistics providers. The top 10 customers, who are well-established leaders in their respective industries, account for approximately 25% of FY2023 rental income.

ESR's lease expiry profile remains well-staggered with a healthy WALE of 4.6 years and 4.4 years by income and area respectively.

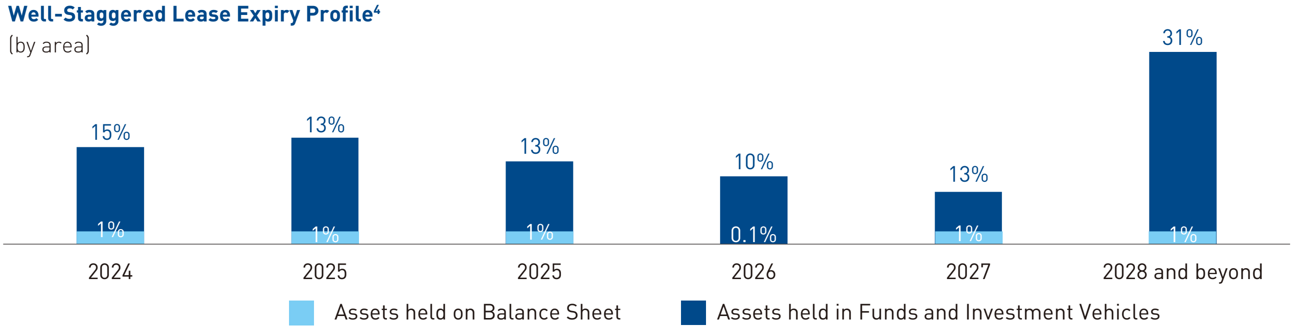
	Mainland China	South Korea	Japan	Australia/ New Zealand	SEA	India
Occupancy[4,5] (%)	82	97	98	99	96	97
Weighted average rental reversion rate[4,6] (%)	–3.0	19.5	2.9	19.4	2.5	23.4

Portfolio Leasing Metrics[4] (million sqm)	FY2022	FY2023
Renewals	1.3	1.2
New Leases	3.3	4.1
Total Space Leased	4.6	5.3

Top 10 Global New Economy Customers by Revenue
(%)



Well-Staggered Lease Expiry Profile[4]
(by area)



Notes:
4. New Economy assets only and excludes listed REITs and Associates.
5. Stabilised New Economy assets only.
6. Weighted by AUM.
7. Based on revenue for 2023.

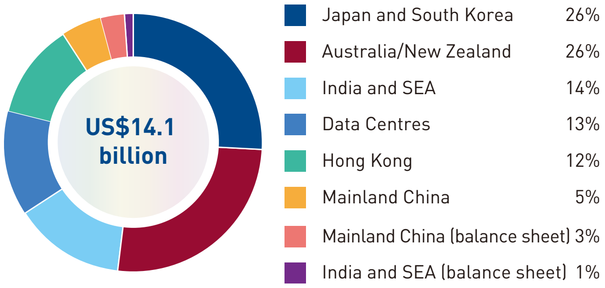
SUBSTANTIAL APAC DEVELOPMENT WORKBOOK

FY2023 development activity was solid despite an environment with high interest rates, higher costs of capital and escalating construction costs. In FY2023, starts and completions totalled US$6.3 billion and US$4.2 billion respectively. ESR's development workbook remains well-diversified, with the majority across Japan, South Korea and Australia and New Zealand.

76% of development starts were projects in data centres, Hong Kong and Australia and New Zealand, with only 2% of total Group starts in China. On development completions, 61% were mainly from Australia, Japan and South Korea, followed by 30% from Mainland China. ESR has significantly reduced the velocity of its new development activities in China in response to the prevailing market conditions. The Group intends to maintain this selected approach in land acquisitions, concentrating on strategically resilient submarkets within the Yangtze River Delta and the Greater Bay Area.

With respect to the Group's New Economy Development segment, an estimated US$8.7 billion of ESR's work-in-progress on its books are estimated to run between end FY2023 and FY2026, ensuring a robust pipeline to sustain continuous growth in development fees. Moreover, despite higher construction costs across APAC, the yield-on-cost for ESR's New Economy portfolio has maintained a steady rate of 6.3% while development margins remain robust, exceeding 30%.

Geographically Diversified Workbook with Data Centres Growing in Relevance



Summary of Development Projects

	Starts (US$ billion)	Completion (US$ billion)	Work in Progress (US$ billion)
Japan and South Korea	0.9	1.8	3.7
Australia/New Zealand	1.6	0.8	3.7
India and SEA	0.5	0.4	2.1
Data Centres	1.5	—	1.8
Hong Kong	1.7	—	1.7
Mainland China	0.1	1.2	1.1
Total	**6.3**	**4.2**	**14.1**
Total GFA (million sqm)	**2.6**	**3.2**	**9.7**


Moorebank Logistics Park, Sydney, Australia

Cosmosquare OS1 Data Centre, Osaka, Japan (Ready for Service May 2025)

NEW GROWTH PILLAR: DATA CENTRES

Focusing on the New Economy sector, the Group prioritises data centres as a critical strategic pillar. With data centres presently constituting 24% of ESR's development starts and 13% of the development work-in-progress workbook, the Group is strategically positioned to expand its data centre presence throughout the APAC region and thereby capturing the increasing demand for data.

In FY2023, ESR continued to execute on its data centre strategy, upsizing the ESR DC Fund 1 to a total capitalisation of US$1.35 billion, making it the largest dedicated data centre investment vehicle in APAC.

Originating from eight projects comprising 560 MW, construction has begun on four key projects, Cosmosquare OS1 Data Centre in Japan, Bupyeong KR1 Data Centre in Seoul, Keihanna OS4 Data Centre in Osaka, and the ESR HK1 Data Centre in Hong Kong, with Rabale MU1 Data Centre in Mumbai scheduled for construction in 2024.

Looking ahead, ESR aims to deliver on a 1 GW pipeline across gateway cities in APAC such as Tokyo, Osaka, Shanghai, Bejing, Seoul and Sydney with capabilities to undertake various development models ranging from powered shell to joint ventures with operators and hyperscalers.

ESR's Competitive Edge in Data Centres

Multi-model Operating Platform
Maximises flexibility and outcome and captures growth, scale and diversification

Scale
Focused in-country dedicated teams supported by the strength of one of Asia's largest Real Asset Manager

Design and Efficiency
Working with local design leaders to produce efficient, locality friendly solutions to support partners and end customer needs

Innovation
Designing and building for the next wave of AI backed growth and regional Cloud expansion

Leading ESG Strategy
Industry leading, environmentally aware delivering the best solutions for customers and the planet

Property Portfolio

MAJOR INVESTMENT PROPERTIES HELD ON BALANCE SHEET

As at 31 December 2023

City	Project Name	Status	GFA (sqm)	Tenure	Lease Expiry	Interest held by ESR	Type
Mainland China							
Fenhu	Fenhu Dafuhao, No. 558 Fenhu Road, Lili Town, Wujiang District, Suzhou, Jiangsu Province	Completed	221,689	Leasehold	2070	100%	Logistics Facility
Jiaxing	Jiaxing Haining, East of Haining Avenue and north of Anzheng Shishang, Haining Economic Development Zone, Haining, Zhejiang Province	Completed	105,390	Leasehold	2069	100%	Logistics Facility
Jilin	Jilin Daling, South of Fumin Street, Daling Vehicle Logistics Park, Gongzhuling, Jilin Province	Completed	94,412	Leasehold	2068	100%	Logistics Facility
Kunshan	Jiangsu Friend — I, No. 718 & 818 Xinsheng Road, Huaqiao Town, Kunshan, Jiangsu Province	Completed	135,081	Leasehold	2054	100%	Logistics Facility
Kunshan	Jiangsu Friend — II, No. 516 Fengshan Road, Huaqiao Town, Kunshan, Jiangsu Province	Completed	85,674	Leasehold	2056	100%	Logistics Facility
Kunshan	Jiangsu Friend — III, No. 369 Pengqing Road, Huaqiao Town, Kunshan, Jiangsu Province	Completed	206,418	Leasehold	2056	100%	Logistics Facility
Langfang	Langfang Weidu, No.14 Fengwu Road, Economic and Technical Development Zone, Langfang, Hebei Province	Completed	71,687	Leasehold	2061	100%	Logistics Facility
Langfang	Langfang Hengjia, No. 437 Chunhe Road, High-Tech Industrial Development Zone, Langfang, Hebei Province	Completed	81,950	Leasehold	2069	100%	Logistics Facility
Langfang	Langfang Hongke, No. 29 Yunqi Avenue, Longhe High-tech Industrial Development Zone, Langfang, Hebei Province	Completed	34,475	Leasehold	2067	100%	Logistics Facility
Langfang	Langfang Yisi, No. 158 Jingming Road, Langfang Hi-Tech Industrial Development Zone, Langfang, Hebei Province	Completed	72,456	Leasehold	2063	100%	Logistics Facility
Langfang	Langfang Chunhui, No. 6 Yaohua Road, Economic and Technical Development Zone, Langfang, Hebei Province	Completed	48,622	Leasehold	2053	100%	Logistics Facility
Shanghai	Jiangnan Chuanting, 4/9 Qiu, 11 Neighbourhood, Zhelin Town, Fengxian District, Shanghai	Completed	35,533	Leasehold	2058	100%	Logistics Facility
Suzhou	Suzhou Yixiang (Phase I) No. 28 Yongchang Road, Xiangcheng Economic Technology District, Suzhou, Jiangsu Province	Completed	189,552	Leasehold	2060	100%	Logistics Facility
Shanghai	Zhangjiang NEO, No. 103 Cailun Road, Zhangjiang Town, Pudong New District, Shanghai	Completed	8,940	Leasehold	2053	100%	Business Park
Shanghai	Shanghai Yurun (Phase I) No. 2989 Baishi Highway, Baihe Town, Qingpu District, Shanghai	Completed	345,508	Leasehold	2056	70%	Logistics Facility
Huizhou	Huizhou Hongyun, Chenjiang Street, Huizhou Zhongkai High Tech District, Huizhou, Guangdong Province	Completed	105,751	Leasehold	2071	60%	Logistics Facility
Fenhu	Fenhu Quansheng, East of Lianqiu Road and north of Datong Road, Lili Town, Wujiang District, Suzhou, Jiangsu Province	Completed	29,289	Leasehold	2069	55%	Logistics Facility

City	Project Name	Status	GFA (sqm)	Tenure	Lease Expiry	Interest held by ESR	Type
Huizhou	Huizhou Huishang Technology (TCL Huicheng I), LG01-01-03, Lugang Zone, Huicheng High-Tech Industrial Development Zone, Huizhou, Guangdong Province	Completed	126,634	Leasehold	2071	54%	Logistics Facility
Chengdu	Chengdu Qingbaijiang (Phase I, II, III), Gaoping Nan Road South, Tongxin Road East, Qingbaijiang District, Chengdu, Sichuan Province	Completed	114,688	Leasehold	2071	51%	Logistics Facility
Japan							
Osaka	IBM Nanko Data Centre (West), 5–1, Nanko-kita 1-chome, Suminoe-Ku, Osaka-Shi	Completed	28,268	Freehold	N/A	100%	Data Centre
India							
Nagpur	Gati Realtors Pvt Ltd State Highway 250, Village Khumari/Kokarada, Tehsil Kalmeshwar, Nagpur, Maharashtra	Completed	76,685	Freehold	N/A	51%	Logistics Facility

MAJOR DEVELOPMENT PROPERTIES HELD ON BALANCE SHEET

As at 31 December 2023

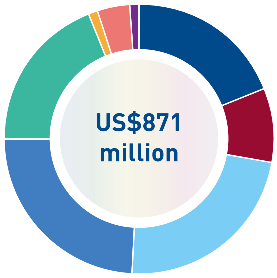
City	Property Name	Status	Estimated Completion Year	GFA(sqm)	Interest held by ESR	Type
Mainland China						
Kunshan	Kunshan Zhonggang, Shuanghua Road No. 168, Huaqiao Town, Kunshan City, Jiangsu Province	Superstructure in Progress	2024	293,152	100%	Logistics Facility
Shanghai	Shanghai Yinu, Yinzhong Village, Qingpu Town, Qingpu District, Shanghai	Superstructure in Progress	2024	120,729	80%	Logistics Facility
Shanghai	Shanghai Yurun (Phase II) No. 2989 Baishi Highway, Baihe Town, Qingpu District, Shanghai	Superstructure in Progress	2024	211,634	70%	Logistics Facility
Huizhou	Huizhou Huishang Supply Chain (TCL Huichen III), Lugang Zone, Huicheng High-Tech Industrial Development Zone, Huizhou, Guangdong Province	Superstructure in Progress	2024	111,348	54%	Logistics Facility
Foshan	Foshan Rongjin Project, No.1, 108b-Southwest, Sanshui Industrial Zone, Foshan, Guangzhou Province	Land	2025	160,052	100%	Land
Japan						
Yokohama	ESR Sachiura 2A DC, 8–5, Sachiura 1-chome, Kanazawaku, Yokohama-shi, Kanagawa-ken, 236–0003	Superstructure in Progress	2025	165,309	100%	Logistics Facility
Funabashi	ESR 28 TMK (Hulic Funabashi) 2–9–1, Hinode, Funabashi city	Land	N/A	33,004	100%	Land
Ichikawa	ESR 29 TMK (Hulic Ichikawa) 2554–81, Hongyotoku, Ichikawa city	Land	N/A	62,256	100%	Land
Osaka	IBM Data Centre (Osaka Data Centre East) – OS2 5–2 & 5–3, Nanko-kita 1-chome, Suminoe-Ku, Osaka-Shi	Land	N/A	24,165	100%	Land
Yokohama	ESR Sachiura 2B DC, 8–4, Sachiura 1-chome, Kanazawaku, Yokohama-shi, Kanagawa-ken, 236–0003	Land	N/A	163,622	100%	Land
Australia						
Pakenham	92 Enterprise Road, Pakenham, VIC 3810	Superstructure in Progress	2024	133,850	95.5%	Logistics Facility
South Korea						
Greater Seoul	Dangmok 995–5 Dangmok-ri, Juksan-myum, Anseong-si, Gyeonggi-do	Superstructure in Progress	2026	154,476	95%	Logistics Facility

Financial Review

The Group reported growth in its AUM and fund management segment earnings for the year ended 31 December 2023.

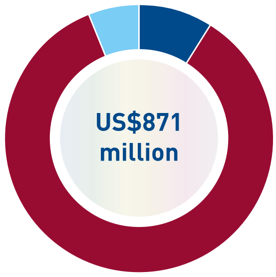
ESR remained proactive and disciplined in capital management with Gearing of 30.7% as at 31 December 2023. Gearing is expected to reduce once the publicly announced asset divestments in FY2023 are completed, with its net proceeds applied towards debt repayment. The Group has ample liquidity with an aggregated US$2.5 billion of cash and undrawn facilities.

FY2023 Revenue by Region



Greater China	19%
Japan	9%
South Korea	23%
Australia / New Zealand	24%
Southeast Asia	19%
India	1%
Europe	4%
Other	1%

FY2023 Revenue by Segment



Investment	9%
Fund Management	85%
New Economy Development	6%

REVENUE

The Group's revenue increased 6.1% from US$821.2 million in FY2022 to US$871.3 million in FY2023, driven mainly by higher management fee.

Management fee increased 3.3% from US$713.3 million in FY2022 to US$736.7 million in FY2023. The increase was contributed by growth in Fee-related AUM. Excluding promote fees, recurring Fee Income increased by 8.8% from US$509.8 million in FY2022 to US$554.4 million in FY2023.

Construction revenue increased from US$10.7 million in FY2022 to US$56.3 million in FY2023, contributed by new projects in Australia. Cost of sales increased correspondingly from US$29.2 million in FY2022 to US$59.8 million in FY2023.

In line with the Group's strategy to sell down balance sheet assets into ESR-managed funds, rental income decreased 21.4% from US$91.6 million in FY2022 to US$72.0 million in FY2023. In FY2022, the Group divested nine China balance sheet assets into an ESR-managed core fund.

Geographically, 94% of the Group's revenue for FY2023 was attributed to Greater China, Japan, South Korea, Southeast Asia and Australia and New Zealand; revenue from India, Europe and USA made up the remaining 6%.

PATMI AND EBITDA[1]

EBITDA[2] decreased 32.2% from US$1,068.5 million in FY2022 to US$724.6 million in FY2023. PATMI[3] decreased 59.8% from US$574.1 million in FY2022 to US$230.8 million in FY2023. Lower fair value gains and absence of one-off disposal gains recognised in FY2022 were the main reasons for the decline in EBITDA and PATMI.

Additionally, PATMI was impacted by higher interest expense resulting from successive interest rate increases throughout 2023, as well as delayed capital recycling from balance sheet syndication for debt repayment. The decline was partially offset by higher recurring Fee Income (8.8% y-o-y).

The Group recorded fair value gain on investment properties of US$187.7 million for FY2023 (FY2022: US$195.4 million) arising mainly from assets under development in China.

The Group's share of profits and losses from joint ventures and associates decreased from a profit of US$226.7 million in FY2022 to a loss of US$20.4 million in FY2023, mainly due to share of losses from Cromwell Property Group arising from fair value losses recorded by the associate; as well as lower fair value gains from the Group's investments in Australia, South Korea and China. The decrease was partially offset by the share of profit in BW Industrial Development Joint Stock Company ("BW") in Vietnam pursuant to the Group's acquisition of 15.57% interest in FY2023.

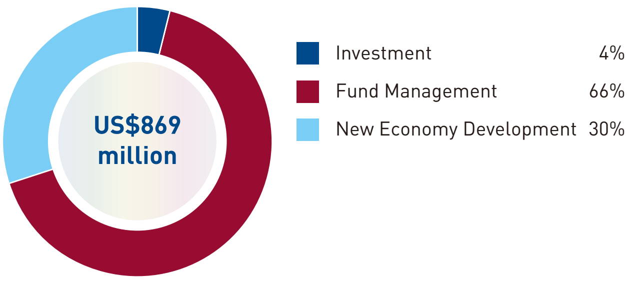
Notes:
1 EBITDA, Adjusted EBITDA and Adjusted PATMI are non-IFRS measures. Refer to non-IFRS measures reconciliation in page 242.
2 EBITDA is calculated as profit before tax, adding back depreciation and amortisation and finance costs (net).
3 PATMI is profit after tax and minority interests.

Finance cost increased 40.7% from US$222.4 million in FY2022 to US$312.9 million in FY2023. Total borrowings increased from US$5.5 billion as at 31 December 2022 to US$6.0 billion as at 31 December 2023, as additional borrowings were drawn for transitionary bridging of projects. The Group's weighted average interest cost was reduced by 30 basis points from 5.6% in 1H2023 to 5.3% for FY2023 (FY2022: 4.2%).

Administrative expenses decreased 6.3% from US$491.3 million in FY2022 to US$460.5 million in FY2023. Included in FY2022 was a one-off transaction costs relating to the acquisition of ARA Asset Management Limited ("ARA") of US$22.5 million. In FY2023, administrative expenses included impairment losses relating to non-core business of US$29.2 million. Excluding these non-recurring items, administrative expenses were lower by 8.0% y-o-y contributed by corporate cost savings.

SEGMENT RESULTS

FY2023 Segmental Results



Fund management segment results increased 0.2% from US$573.7 million in FY2022 to US$574.7 million in FY2023. Growth was driven by higher recurring fee revenue (excluding promote fees) of 8.8% y-o-y from growth in Fee-related AUM and prudent operating expenses. Supported by higher fee revenue, cost containment and broader economies of scale, a strong fund management EBITDA margin of 78.0% was achieved for FY2023.

As part of the Group's ongoing capital recycling to syndicate balance sheet assets into ESR-managed vehicles, the contribution from the Investment segment decreased 89.8% from US$333.6 million in FY2022 to US$34.1 million in FY2023. Rental income decreased as the Group divested nine China balance sheet assets into an ESR-managed core fund in FY2022. The decrease in the investment segment results was further contributed by lower one-off investment income, divestment gains, and fair value gains from the Group's investments in Australia and China. In addition, the share of result from Cromwell Property Group has declined by US$119.4 million, mainly attributed to higher fair value losses and lower operating profits reported by the associate.

New Economy development segment results decreased 24.2% from US$342.7 million in FY2022 to US$259.8 million in FY2023. The decrease was mainly due to lower fair value gains from the Group's investments in South Korea. In addition, there was also lower one-off divestment gains compared to FY2022. This was partially offset by the share of profit from BW in FY2023.

ASSETS

The Group's total assets remained at US$16.2 billion as at 31 December 2023 (31 December 2022: US$16.2 billion). Its cash balances of US$1.0 billion were primarily denominated in USD, RMB, SGD, JPY, KRW, AUD and HKD, and were utilised in FY2023 to pay down borrowings with higher funding cost, as well as to fund ongoing projects and new investments.

Investment properties decreased 3.6% to US$3.2 billion as at 31 December 2023 (31 December 2022: US$3.3 billion). The slight decrease is mainly contributed by disposal of certain properties. The reduction was partially offset by the ongoing development of the Group's China projects during FY2023. Additionally, the Group made prepayments of additional land use rights mainly in Japan which contributed partly to the increase in other non-current assets by 59.3% to US$362.3 million.

Investment in joint ventures and associates increased 14.4% to US$3.4 billion as at 31 December 2023 (31 December 2022: US$3.0 billion). The increase was mainly contributed by the Group's acquisition of 15.57% interest in BW for US$331.3 million during the year.

Financial assets at fair value through other comprehensive income ("FVOCI") increased by 7.6% or US$74.0 million to US$1.1 billion as at 31 December 2023 contributed mainly by the Group's additional investment in ESR-LOGOS REIT.

Trade receivables increased 50.7% to US$532.9 million as at 31 December 2023 (31 December 2022: US$353.5 million), mainly arising from higher Fee Income. The trade receivables balance includes promote fee receivables, of which over 50% has been collected subsequent to year-end.

LIABILITIES

Total bank and other borrowing as at 31 December 2023 were US$6.0 billion as compared to US$5.5 billion as at 31 December 2022. Net debt was US$5.0 billion compared to US$3.7 billion as at 31 December 2022 mainly due to lower cash balance arising from the Group's ongoing fundings to its investments.

The Group continues to stay focused on its capital recycling strategy with proactive and disciplined capital management. It regularly reviews its debt maturity profiles and refinancing ahead of maturity ensuring a well-capitalised balance sheet is maintained. ESR Group has ample liquidity with US$2.5 billion of cash and loan drawdown capacity.

The Group continues to expand its funding sources through a combination of facilities with both local and international banks, and capital market issuances in diversifying and reducing its cost of debt.

TOTAL EQUITY

Total equity remained strong at US$8.7 billion as at 31 December 2023 (US$9.1 billion as at 31 December 2022), backed by profit for the year of US$268.1 million, offset by dividend distribution to shareholders of US$139.6 million and shares repurchased of US$217.8 million. In addition, an unrealised loss of US$86.3 million was recognised on the Group's FVOCI, mainly due to mark-to-market losses adjusted based on quoted market prices.

The Group manages and minimises its foreign currency exposures through asset and liability matching of various currencies at project and corporate level; and continues to assess the use of financial derivatives where appropriate to manage its foreign currency exposures. For FY2023, the Group recorded unrealised currency translation losses of US$58.5 million arising from its foreign operations due to the strengthening of the U.S. dollar against the respective local currencies.

Capital Management

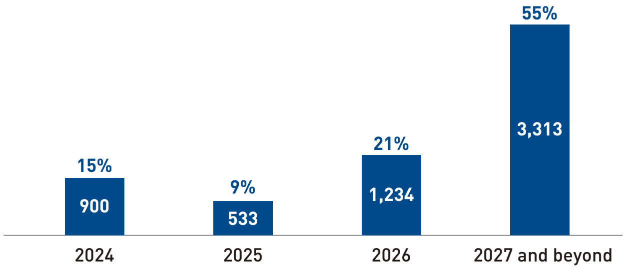
ESR adopts a proactive and disciplined capital management approach, and regularly review its debt maturity profile and liquidity position. The Group maintains a well-capitalised balance sheet, and actively diversifies its funding sources through a combination of facilities with both local and international banks, and capital market issuances in optimising its costs of debt. ESR continues to be disciplined in executing its capital recycling programme, and prudently redeploying capital to support growth.

The Group continues to actively leverage its fund management platform to unlock value and generate higher recurring fund management fees. This meaningfully enhances the Group's tangible return on equity while maintaining sufficient funding capacity across the Group.

Total bank and other borrowings as of 31 December 2023 were US$6.0 billion (31 December 2022: US$5.5 billion). Net debt was US$5.0 billion compared to US$3.7 billion as of 31 December 2022 mainly due to lower cash balance arising from the Group's ongoing fundings to its investments. In FY2023, the Group continues to expand and diversify its funding and capital structure, which is crucial for fuelling the Group's long-term growth:

- ESR received an investment grade first-time "AA-" rating with a stable outlook form the Japan Credit Rating Agency, Ltd in March 2023;
- Received AAA (Stable Outlook) from China Chengxin International Credit Rating Co., Ltd., one of the top rating agencies in Mainland China in September 2023;
- In July 2023, ESR debuted a total of JPY30 billion through two series of Japanese Yen denominated fixed rate notes: (i) JPY20 billion 1.163% fixed rate notes due 2026; and (ii) JPY10 billion 1.682% fixed rate notes due 2030, each under the US$2,000,000,000 Multicurrency Debt Issuance Programme;
- Closed JPY30 billion of Japanese Yen-denominated, fixed rate bonds in July 2023, resulting in a better-optimised debt currency profile with USD-denominated loans reduced to 17% of total debt as at end 2023, thereby reducing weighted average interest cost by 30 basis points from 5.6% in 1H2023 to 5.3% for FY2023.

Debt Maturity Profile (US$ million)
As of 31 December 2023



As of 31 December 2023, the Group's weighted interest rate was 5.3%; and 11% of the Group's borrowings was on fixed rate while the remaining 89% was on floating rate basis. The Group's weighted average debt maturity was approximately 5.2 years as of 31 December 2023 (31 December 2022: 5.1 years).

The Group continues to stay focused on its capital recycling strategy with proactive and disciplined capital management. It regularly reviews its debt maturity profiles and refinancing ahead of maturity ensuring a well-capitalised balance sheet is maintained to meet the Group's short-term obligations, ongoing developments, and investments opportunities. ESR Group has ample liquidity with US$2.5 billion of cash and loan drawdown capacity. Furthermore, during the year, the Group successfully diversified its funding sources through the US$1.2 billion multi-currency revolving credit facility secured with various foreign banks. While Gearing as at 31 December 2023 was 30.7%, it is expected to reduce once the previously announced transactions in 2023 are completed, with proceeds applied towards debt repayment. The Group is expected to reduce its Gearing over the medium term toward the low end of its Gearing target of 20–30%.

The Group has exposures to foreign exchange rate fluctuations primarily from its investments and income from its subsidiaries, associates and joint ventures, including Greater China, Japan, South Korea, Australia, Singapore and India. The Group manages and minimises its foreign currency exposures by natural hedges using various currencies at project and corporate level.

Operating and development activities of each country are funded mainly through project level debts and operating income that are in their respective local currencies. At corporate level, the Group currently funds some of its investments through corporate borrowings in the currency of the country in which the investment is located.

The Group monitors closely the interest and exchange rates movements and assesses the use of financial derivatives as additional tools when appropriate to manage foreign currency and interest rate exposures.

As of 31 December 2023, currency profile of the Group's cash and bank balances; and bank and other borrowings are as below:

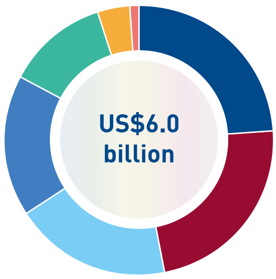
Cash and Bank Balances*

As of 31 December 2023

USD	24%
RMB	21%
SGD	19%
JPY	11%
AUD	10%
HKD	6%
KRW	5%
Others	3%

Bank and Other Borrowings

As of 31 December 2023



SGD	24%
JPY	23%
HKD	19%
USD	17%
RMB	12%
AUD	4%
Others	1%

* Percentages may not sum up due to rounding.

CHARGE OF ASSETS

As of 31 December 2023, certain of the Group's assets were pledged to secure bank and other borrowings granted to the Group. The details of charged assets are disclosed in Note 25 to the Consolidated Financial Statements. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As of 31 December 2023, neither the Group nor the Company had any significant contingent liabilities.

ENHANCING SYNERGIES AND POTENTIAL TO FORGE A SUSTAINABLE FUTURE

Moorebank Logistics Park, Sydney, Australia

45.4 %
Female representation at Group level[1]

Zero
Workforce fatalities[1], with newly-attained ISO 45001 Occupational Health & Safety ("OHS") certifications

112 MW
Installed rooftop solar power capacity[2]

42.8 %
Of the Group's assets[3] awarded sustainable building certifications & ratings

~US$4 billion
Seven[4] Sustainability-Linked Loans ("SLL") raised

ESG Ratings
MSCI "A"
Sustainalytics "Low-Risk"
GRESB average 3.5 Star Rating

Notes:
1 Refers to employees of ESR Group for FY2023.
2 Refers to completed projects as of end-Dec 2023. By 1H2024, the total capacity will be approximately 150 MW, including solar panels to be installed during the next six months.
3 Refers to the GFA of certified completed directly managed assets representing approximately 13.4 million sqm in GFA as of December 2023.
4 The Group announced it has closed a total of seven Sustainability-Linked Loans (SLLs) worth approximately US$4 billion as at end-2023. To-date, there are in total 10 SLLs raised with a cumulative total amount of approximately US$4.4 billion.

ESG Performance

ESR Group is firmly committed to the principles of sustainability and strives to incorporate ESG factors into its business practices creating value for all stakeholders.

To highlight the ESG priorities and performance for FY2023, the following pages provide the key updates from the Group's ESG Report 2023 ("ESG Report"). The disclosure within the ESG Report complies with the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and in accordance with the Global Reporting Initiative ("GRI") Universal Standards. Further details on ESR's ESG approach and initiatives can be found in the ESG Report which is published on the websites of the Stock Exchange and the Company (refer to QR code).

ESG Vision

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

ESG Mission

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

ESG FRAMEWORK

HUMAN CENTRIC

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

Focus Areas:

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

PROPERTY PORTFOLIO

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

Focus Areas:

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

CORPORATE PERFORMANCE

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

Focus Areas:

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

ESR's ESG Framework is aligned to six of the Sustainable Development Goals ("SDGs") from the United Nations 2030 Agenda, the United Nations-supported Principles for Responsible Investment ("UN PRI"), as well as global ESG frameworks, standards and industry best practices. Aligning the framework to these global ESG commitments helps guide the Group's business strategies towards the desired sustainable outcomes.

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

Signatory of:

PRI Principles for Responsible Investment

2023 ESG ACHIEVEMENTS

Significant progress has been made based on ESR's ESG 2030 Roadmap launched in May 2023. The priorities include promoting diversity, equity and inclusion, supporting local communities, reducing impact on the environment, addressing climate change and upholding the commitment to the highest standards of corporate governance, amongst others. Some key achievements for 2023 are outlined below:

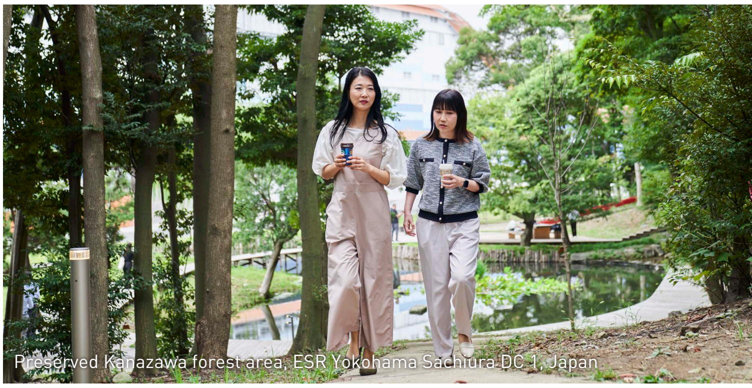
HUMAN CENTRIC	PROPERTY PORTFOLIO	CORPORATE PERFORMANCE
45.4% Female representation at Group level[1] *(↑ by 0.6% from 44.8%)*	**112 MW** Installed rooftop solar power capacity[2] *(↑ by 32% from 85 MW)*	**45** Participating entities in 2023 GRESB Assessment, with average 3.5 Star Rating and 4 Regional Sector Leaders *(↑ by 22% from 37)*
28 Assets achieved WELL Health-Safety Rating in South Korea *(↑ by 17% from 24)*	**809**[3] EV charging stations installed *(↑ by 28% from 631)*	**~US$4 billion** Seven[5] SLLs raised *(↑ by 33% from US$3 billion)*
Zero Workforce fatalities[1], with newly-attained ISO 45001 OHS certifications *(maintained)*	**42.8%** Of the Group's assets[4] awarded sustainable building certifications and ratings *(↑ by 3.9% from 38.9%)*	**UN PRI** Preliminary work underway in preparation for inaugural mandatory reporting in 2024
4.25 (out of 5) Average employee satisfaction score in inaugural Group-wide Employee Engagement Survey	**Net Zero Carbon** Synergistic partnerships launched across major markets to complement overall decarbonisation efforts	**Training** Launched virtual training on ESG, Compliance and Risk Management

* Above comparisons in brackets refer to increase in absolute and/or percentages as compared to FY2022.

Notes:
1 Refers to employees of ESR Group for FY2023.
2 Refers to completed projects as of end-Dec 2023. By 1H2024, the total capacity will be approximately 150 MW, including solar panels to be installed during the next six months.
3 Refers to fully operational EV charging stations as of December 2023 and excludes installation work in progress during early 2024.
4 Refers to the GFA of certified completed directly managed assets representing approximately 13.4 million sqm in GFA as of December 2023.
5 The Group announced it has closed a total of seven Sustainability-Linked Loans (SLLs) worth approximately US$4 billion as at end-2023. To-date, there are in total 10 SLLs raised with a cumulative total amount of approximately US$4.4 billion.

PILLAR 1: HUMAN CENTRIC

This pillar focuses on the social aspect of the Group's operations, covering areas relating to its internal and external stakeholders.



Preserved Kanazawa forest area, ESR Yokohama Sachiura DC 1, Japan

ESR Group Global Art competition winning entry, Kaka Yao 11 years old

Stakeholder Engagement

The Human Centric approach towards internal and external stakeholders is to achieve shared business goals and align with the Group's core values. Stakeholders include employees, tenants, regulators, investors and capital partners, communities, suppliers and contractors. Constructive engagement and long-term relationships are integral to ESR's business, enabling continuous improvement and better business decisions and strategies. The views of key stakeholder groups, performance of peers and latest developments and technologies relevant to the industry allows the Group to sustain its competitive advantage in the market. Some of the key engagement initiatives include employee engagement activities, tenant satisfaction surveys, industry engagement sessions, investor roadshows, community investment programmes and supplier engagement platforms.

Safety, Health and Well-being

Safety, Health and Well-being remains a top priority for the Group. A customised safety governance and reporting platform has been built at one of the larger Australian assets spanning over 200 hectares resulting in enhanced safety reporting and effective decision making in managing the properties. Leveraging information technology and data, the Group continues to advance safety and efficiency within its operations. In alignment with international safety standards, certain business units (ARA Property Management, ESR Data Centres and ESR China) obtained the ISO 45001 Occupational Health and Safety ("OHS") certification. Regular online and in-person health and well-being initiatives are conducted where employees are encouraged to have open discussions on related topics on mental health and well-being (for example, see "R U OK? DAY" in the ESG Report). Testament to upholding high standards of safety, health and well-being at 28 managed assets in South Korea achieved the WELL Health-Safety Rating from the International WELL Building Institute ("IWBI") — a third-party verified certification that focuses on operational policies, maintenance protocols, stakeholder engagement and emergency plans.

Managing and Developing Talent

The Group conducted its inaugural Group-wide Employee Engagement Survey in 2023 which achieved an overall average score of 4.25 out of 5 and a response rate of 80%. Survey Liaison Officers ("SLO") were appointed for each local office to manage effective follow-up actions. Various employee engagement activities continue to be organised, including the first-ever ESR Group Global Art Competition. The Group also established the ESR Group Internship Programme ("GAIN") to provide students with hands-on work experience in the real estate industry, with 19 interns completing the programme in 2023. In addition, the Group launched the inaugural New Employee Orientation ("NEO"), which enables new colleagues to acquire key insights from ESR's senior executives. A total of 98 participants successfully completed the four hybrid sessions held last year.

SCWO "Embracing Equity" Golf event, ESR's Emma Larsson receiving appreciation gifts from Junie Foo, SCWO President

Diversity, Equity and Inclusion

The Group continues to embrace Diversity, Equity and Inclusion ("DEI") and set up a DEI Committee based in Europe. The committee has reviewed and updated its recruitment process to emphasise diversity considerations and also introduced a school outreach programme to address low social mobility. With the success of this pilot initiative, more of such committees are intended to be set up to drive DEI efforts across the Group. The team in Europe also invited an external Behavioural Science Consultant and Assistant Professor to host several DEI workshop sessions to foster mindsets and actions for a more inclusive culture. The Group continues to embrace International Women's Day to celebrate women in its workforce through a series of events.

Community Investment

As part of ESR Group's centralised strategy, the Group Social Impact Committee was set up in 2023, to drive group-wide community investment initiatives with global consistency and local relevance. The Group also implemented the Social Impact Application, an online tool to track community investment programmes and metrics. ESR continued to nurture its communities through initiatives aligned with its three focus areas of *Strengthening Social Resilience*, *Health and Well-being*, *Promoting Education and Upskilling*, and *Protecting the Environment*. Examples include increasing access to affordable housing in the United Kingdom ("UK"), building classrooms in China, as well as conserving biodiversity in Japan, amongst others. These initiatives are covered in further detail in the ESG Report.

PILLAR 2: PROPERTY PORTFOLIO

This pillar focuses on the environmental impacts that ESR Group directly controls or exerts significant influence over in relation to the design, construction, maintenance and operations of its managed assets.

Sustainable and Efficient Operations

Over the past year, the Group actively pursued asset enhancement initiatives to improve energy efficiency across its strategic assets. ESR collaborated with various stakeholders to implement numerous decarbonisation initiatives in line with its commitment to decarbonise the portfolio under management. In Australia, ESR partnered with Solar Bay, a leading Australian clean energy system developer, for a planned investment of up to AU$500 million in renewable energy infrastructure over the next decade. ESR China successfully installed rooftop solar panels at Shenyang Yibei Logistics Park, generating 1 MW of renewable energy to the grid. This pilot project in Shenyang is part of ESR China's plan to increase its solar capacity to exceed 100 MW over the next few years. ESR Korea partnered with Korea Development Bank ("KDB") and Korea Logistics Renewable Energy ("KLRE") to develop and operate a network of rooftop solar panels on seven logistics assets owned by ESR Kendall Square REIT, with the aim to generate around 15,000 MWh of solar energy annually.

Furthermore, ESR Group entered into a partnership with Chinachem Group to explore the future demand for electric commercial vehicles by providing charging services at its cutting-edge cold storage and logistics facility in Kwai Chung, Hong Kong. In the transition to a low-carbon economy, ESR Group is developing a Net Zero Carbon strategy and decarbonisation roadmap that will be unveiled later this year.


ESR Bringelly Road Business Hub, Sydney, Australia

Sustainable Building Certifications

As at end 2023, a total of 250 sustainable building certifications and ratings across 181 completed directly managed assets, representing approximately 13.4 million sqm in GFA was achieved. These certifications and ratings include LEED, NABERS, CASBEE and WELL Health and Safety Rating. Certain assets received multiple certifications and ratings, demonstrating ESR's commitment to sustainable and efficient operations.

Climate Change Resilience

ISSB

The Group adopted the recommendations under the Task Force on Climate-related Financial Disclosure ("TCFD") Framework in the ESG Report, which are now managed under the purview of the International Sustainability Standards Board ("ISSB"). Under the International Financial Reporting Standards ("IFRS") S2 Standard, the Group commenced climate scenario analyses and climate-related risk assessments for certain portfolios. These assessments are designed to identify, evaluate and manage climate-related risks and opportunities across ESR's managed portfolio. ESR is committed to continually monitoring and reporting the impacts of these climate-related risks and opportunities to future-proof its managed assets.

Flexible and Adaptable Properties

Quality, comfort, accessibility, and durability are attributes highly valued by ESR Group's customers. ESR's design, construct and maintenance of its properties utilising advanced technologies and high quality resources prevent material degradation and ensure that they are safe and built-to-last. In collaboration with PGIM Real Estate, ESR's Future Solutions Group was engaged in a built-to-suit redevelopment project for POKKA in Singapore. This development combines innovative solutions with the redevelopment process to support POKKA's specific business needs and optimise energy efficiency through a battery storage system and rooftop solar installation.

Strategic Locations

The Group is committed to developing assets in strategic locations, with a sustainability focus on site selection, efficient design, green construction, and energy-efficient operations. This allows the Group to strategically build its presence in key markets, strengthen its supply chain resilience, and minimise its environmental impact associated with transportation. A successful example of this is the ESR Higashi Ogishima Distribution Centre in Japan, strategically located in the Greater Tokyo metropolitan area. This location offers excellent transportation and connectivity for e-commerce, third-party logistics, cold storage and other leading businesses in the region.

The Group strives to preserve biodiversity in the design, construction and operations of its assets, to ensure a balanced and intact ecosystem. An exemplary illustration of its biodiversity management is Woody Meadows in Australia. This asset features the preservation of certain native plants that require minimal irrigation, resulting in reduced maintenance costs and environmental footprint.

PILLAR 3:CORPORATE PERFORMANCE

This pillar focuses on the corporate performance of ESR's business in the areas of corporate governance, risk management, responsible investment, disclosure and reporting and supply chain management.

Corporate Governance

ESR Group has established a comprehensive and robust suite of corporate ESG policies that are aligned with global ESG frameworks, standards and industry best practices. These policies set the tone for a unified approach to corporate governance and serve to inform and guide its stakeholders on incorporating ESG into every aspect of the business and operations.

The table below summarises the Group policies that are applicable to both internal and external stakeholders:

Group ESG Policies

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

Risk Management

Operating under the guidance of the Group's Enterprise Risk Management ("ERM") Framework, both climate change and cybersecurity as emergent risks have been identified that could materially influence its business and stakeholders over the long haul. In response, the Group established robust internal control mechanisms and mitigating action plans, tailored to actively manage such risks and strengthen the resilience of its business.

Responsible Investment

As a signatory to the UN PRI, ESR Group publicly demonstrates its commitment to adopting and promoting sustainable and responsible investment practices. In 2023, the Group commenced the preliminary preparation of its inaugural reporting for FY2024. This preparation includes performing a self-assessment, organising focus group discussions, and conducting training for employees to enhance responsible investment practices.

The Group continues to integrate ESG considerations into its financing mechanisms. As at the end of 2023, it secured approximately US$4 billion[5] in sustainability-linked loans, demonstrating its leadership in green finance and sustainable business practices.

Disclosure and Reporting

ESR Group is committed to upholding best practices in disclosure and reporting, improving its ESG performance, and proactively engaging with its stakeholders. The Group's ESG performance is disclosed regularly through its participation in globally recognised benchmarks and ratings.

Supply Chain Management

ESR Group incorporates ESG considerations as part of its supply chain management on areas relating to sustainable procurement, operational resilience, and sustainability performance of suppliers, and work with its contractors to integrate the relevant ESG considerations into the Group's value chain. Impact assessments are conducted prior to construction covering environmental impact and compliance with applicable laws and regulations. Suppliers are also required to adhere to ESR Group's Supplier Code of Conduct, setting out the standards relating to regulatory compliance, business conduct, labour practices, environmental protection, sustainable procurement, health and safety training and awareness amongst other areas.

Signing ceremony for sustainability-linked loan for ESR HK1 Data Centre in Hong Kong

MSCI

2023 ESG Rating

A

MSCI ESG RATINGS

CCC | B | BB | BBB | A | AA | AAA

Sustainalytics

2023 Score

15.5 (Low Risk)

UN PRI

Signatory

to the United Nations-supported Principles for Responsible Investment

Signatory of:

PRI Principles for Responsible Investment

GRESB

22 x 5 Star Ratings (average 3.5)

4 Regional Sector Leaders

GRESB ★★★★★ 2023

GRESB REAL ESTATE sector leader 2023

Board of Directors

Mr Jeffrey David PERLMAN, 40

Chairman and Non-executive Director

Date of first appointment as Director: 14 June 2011

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

Mr Perlman is President of Warburg Pincus. He is currently a member of the firm's executive management group at Warburg Pincus. Mr Perlman has successfully expanded the Warburg Pincus's business in Asia Pacific, co-founding and sponsoring some of the largest real estate companies in the region and partnering with entrepreneurs to build successful investing franchises in Southeast Asia. Mr Perlman currently serves on the board of directors for BW Industrial Development JSC, Lodgis Hospitality Holdings, MoMo, Storhub, Princeton Digital Group Limited, Oona Insurance, and others. In addition, Mr Perlman is also the chairman of the board of directors for the U.S.-ASEAN Business Council, which works to create trade and investment opportunities in the economies of the Association of Southeast Asian Nations.

Mr Perlman was a non-executive director of ESR-LOGOS Funds Management (S) Limited (the manager of ESR-LOGOS REIT which is listed in Singapore) and ARA Trust Management (Suntec) Limited (the manager of Suntec Real Estate Investment Trust which is listed in Singapore) from January 2017 to August 2023 and from April 2022 to August 2023, respectively. Prior to joining Warburg Pincus in 2006, Mr Perlman worked in the real estate investment banking group at Credit Suisse.

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

Mr Jinchu SHEN, 51

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

Date of first appointment as Director: 30 June 2011

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

Mr Shen is also a director of various subsidiaries of ESR Group. Mr Shen was appointed as a non-executive director of ESR-LOGOS Funds Management (S) Limited (the manager of ESR-LOGOS REIT which is listed in Singapore), and ARA Trust Management (Suntec) Limited (the manager of Suntec Real Estate Investment Trust which is listed in Singapore) since November 2023 respectively.

Mr Shen has over 24 years of industrial real estate experience in China. Prior to co-founding the Group in June 2011, Mr Shen held a variety of roles, including Senior Vice President, at GLP Investment Management (China) Co., Ltd. (全球物流資產公司 (中國)) (formerly known as Prologis China) from January 2004 to September 2010, overseeing the Eastern China area. Mr Shen was the deputy director in DTZ Debenham Tie Leung International Property Advisers from June 2001 to December 2003 and prior to this, he was the assistant general manager of marketing at Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd from July 1995 to November 2000.

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

Mr Stuart GIBSON, 60

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

Date of first appointment as Director: 20 January 2016

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

Mr Gibson is also a director of various subsidiaries of the Group. He was appointed as a non-executive director of ESR-LOGOS Funds Management (S) Limited (the manager of ESR-LOGOS REIT which is listed in Singapore) since August 2023. Mr Gibson has been an independent director of SYLA Technologies Co., Ltd. (listed on Nasdaq) since July 2023.

Mr Gibson has over 28 years of real estate development and investment experience in Asia, which includes 15 years spent in the Japanese industrial real estate sector. Mr Gibson joined Prologis B.V. (formerly known as LogiStar B.V.) in 1998 as the development associate, and was subsequently seconded from Prologis B.V. to Prologis Japan as a vice president from 2000 and was later promoted to the country head of Prologis Japan. He is the former co-founder and co-CEO of AMB BlackPine from 2003 to 2006, which was subsequently incorporated into Prologis. He was also the chairman of AMB Property Corporation Japan Advisory Committee from July 2006 to December 2007.

Mr Charles Alexander PORTES, 54

Non-executive Director and Group Co-founder

Date of first appointment as Director: 20 January 2016

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

Mr Portes has over 27 years of real estate investment experience, including more than 20 years in the logistics and new economy sectors in Asia. Mr Portes was the co-founder and co-CEO of AMB BlackPine from 2003 to 2006, which was subsequently incorporated into Prologis and was a member of the AMB Property Japan Advisory Committee from June 2006 to August 2008. Mr Portes was the head of acquisitions and capital for Europe and Asia for Prologis from 1998 to 2003 and he worked in real estate, principally in investments, at Goldman Sachs Investment Holdings (Asia) Limited from 1996 to 1998.

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

Mr Hwee Chiang LIM, 67

Non-executive Director

Date of appointment: 20 January 2022

Mr Hwee Chiang Lim was appointed as a Non-executive Director and ESR Group's senior advisor with effect from 20 January 2022.

Mr Lim is the chairman of JL Family Office. He serves as a non-executive Director of each of ARA Trust Management (Suntec) Limited (the manager of Suntec Real Estate Investment Trust which is listed in Singapore, ARA Asset Management (Fortune) Limited (the manager of Fortune Real Estate Investment Trust is currently listed in Hong Kong and previously also listed in Singapore prior to 21 October 2019), ARA Asset Management (Prosperity) Limited (the manager of Prosperity Real Estate Investment Trust which is listed in Hong Kong), Hui Xian Asset Management Limited (the manager of Hui Xian Real Estate Investment Trust which is listed in Hong Kong).

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

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

Mr Lim has over 42 years of experience in the real estate industry and has received many notable corporate awards. These include the PERE Global Awards 2020 and 2016 Industry Figure of the Year: Asia, Ernst & Young Entrepreneur Of the Year Singapore 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr Lim, along with the board of directors of ARA, was a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012. In 2017, he was conferred the Public Service Medal (PBM) by the President of Singapore in recognition of his contributions to the community.

Mr Lim holds a bachelor of engineering (first class honours) in mechanical engineering, a master of science in industrial engineering, as well as a diploma in business administration, each from the National University of Singapore.

Dr Kwok Hung Justin CHIU, 73

Non-executive Director

Date of appointment: 20 January 2022

Dr Kwok Hung Justin Chiu was appointed as a Non-executive Director with effect from 20 January 2022.

Dr Chiu was the founding chairman and director of ARA Asset Management Limited from July 2002 to Jan 2022. He is the chairman and a non-executive Director of ARA Asset Management (Prosperity) Limited (the manager of Prosperity Real Estate Investment Trust which is listed in Hong Kong), a non-executive Director of ARA Asset Management (Fortune) Limited (the manager of Fortune Real Estate Investment Trust is currently listed in Hong Kong and previously also listed in Singapore prior to 21 October 2019).

Dr Chiu joined the CK Group in 1997 and is an executive director and an executive committee member of CK Asset Holdings Limited (listed in Hong Kong), heading the real estate sales, marketing and property management teams. Dr Chiu has been an independent non-executive of Star Shine Holdings Group Limited (formerly known as Deyun Holding Ltd.) (listed in Hong Kong) since September 2022.

Dr Chiu has more than 40 years of international experience in real estate in Hong Kong and overseas, and is one of the most respected professionals in the property industry in Asia. He is a fellow of The Royal Institution of Chartered Surveyors, a council member and a fellow of The Hong Kong Institute of Directors, a fellow of Hong Kong Institute of Real Estate Administrators, a vice chairman of the board of governors of Hong Kong Baptist University Foundation, an honorary associate member of Business of Trent University, Canada, a member of the Singapore Management University International Advisory Council in China, an adjunct professor and a member of the advisory committee of the School of Business of Hong Kong Baptist University and a senior departmental fellow of the Department of Land Economy at University of Cambridge, the United Kingdom. Dr Chiu was previously an honorary professor of School of Pharmaceutical Sciences of Sun Yat-sen University and a member of the standing committee of the 12th Shanghai committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

Dr Chiu holds a bachelor of arts degree in sociology and economics from Trent University, Canada and a degree of doctor of business administration from Hong Kong Baptist University, and was conferred with the degree of doctor of social sciences, honoris causa by Hong Kong Baptist University and the degree of doctor of laws, honoris causa by Trent University, Canada.

Mr Rajeev Veeravalli KANNAN, 52

Non-executive Director

Date of appointment: 20 January 2022

Mr Rajeev Veeravalli Kannan was appointed as a Non-executive Director with effect from 20 January 2022.

Mr Kannan has been the managing executive officer and co-head of Asia Pacific division in Sumitomo Mitsui Banking Corporation (SMBC) as well as in Sumitomo Mitsui Financial Group (SMFG) since April 2022. In his role, Rajeev is responsible for SMBC and SMFG's businesses in Asia Pacific region.

Mr Kannan's banking career spans over 30 years having held various leadership roles in Asia with global, regional and product responsibilities. Mr Kannan has a deep experience in corporate and investment banking, structured finance, principal investments and infrastructure and green finance and is passionate about building businesses and diverse teams to drive innovation, adaptability and sustainable growth. Mr Kannan is also passionate about sustainability and green finance and is a thought leader in this space.

Prior to his current role, Mr Kannan was head of corporate banking, Asia Pacific between 2020 and 2022 and was head of investment banking, Asia Pacific between 2016 and 2020. Under Mr Kannan's leadership of corporate banking and investment banking, SMBC enhanced its platform in the region, grew its client base, built SMBC into the top player in infrastructure and green finance. Mr Kannan was based in Tokyo between 2012 and 2016 with responsibility for Global Structured Finance and was the first non-Japanese executive officer/general manager to be based in SMBC's head office.

Mr Kannan is a member of board of director of Clifford Capital Holdings, SMFG India Credit Company Limited and also an advisory board member of Singapore Green Finance Center, a partnership between SMU and Imperial College.

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

Ms Joanne Sarah MCNAMARA, 42

Non-executive Director

Date of appointment: 1 January 2024

Ms Joanne Sarah McNamara was appointed as a Non-executive Director with effect from 1 January 2024.

Ms McNamara has over 18 years of experience in real estate investments. Ms McNamara joined Oxford Properties in 2010 and is a member of Oxford Properties' executive leadership team, global investment committee and global executive committee. The real estate sectors covered by Oxford Properties' businesses include office, life sciences, built-to-rent residential, logistics and retail. Prior to joining Oxford Properties, Ms McNamara worked at DTZ and also Hammerson Plc in the corporate finance, investment and development aspects of the real estate sector.

Ms McNamara graduated from Cardiff University with a bachelor of science (honours) in mathematics, operational research and statistics and from Oxford Brookes University with a master of science in international real estate.

Mr Brett Harold KRAUSE, 55

Independent Non-executive Director

Date of first appointment as Director: 20 May 2019

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

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

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

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

Mr Simon James MCDONALD, 61

Independent Non-executive Director

Date of first appointment as Director: 20 May 2019

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

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

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

Ms Jingsheng LIU, 72

Independent Non-executive Director

Date of first appointment as Director: 20 May 2019

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

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

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

Ms Serene Siew Noi NAH, 44

Independent Non-executive Director

Date of first appointment as Director: 19 April 2022

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

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

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

Ms Wei-Lin KWEE, 48

Independent Non-executive Director

Date of first appointment as Director: 25 May 2022

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

Ms Kwee is the Head of Hotels of Pontiac Land Group, a privately held real estate development and investment company. She oversees Pontiac Land Group's hotel portfolio in Singapore, Maldives and Sydney and has been with the company since 2008. Ms Kwee is the president of the Singapore Hotel Association which represents 85% of Singapore's room count and 40,000 employees in Singapore. She has been appointed as a member of the Singapore Government's future economy council since April 2021 and serves as a member of its lifestyle committee. As a member of the Emerging Stronger Taskforce of Singapore from May 2020 to May 2021, Ms Kwee co-led the Travel Alliance, a private public partnership that aimed to bring air travel back to Singapore after Covid border closures. Ms Kwee has been a council member of the Singapore Chinese Chamber of Commerce and Industry and Singapore Business Federation since March 2022 and June 2022 respectively. She is also a member of the workplace safety and health council under the Singapore Ministry of Manpower. She is an international advisory board member of the IE Business School, Spain. She was a 2013 Eisenhower fellow and has been the honorary secretary for the Eisenhower Fellowships Singapore Society since March 2022.

Ms Kwee graduated from Brown University with a bachelor of arts, economics and international relations in 1998 and obtained her master of business administration from Stanford Graduate School of Business in 2008.

Group Leadership Team and Business Leadership Team

MR JINCHU SHEN

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

Please refer to description under the "Board of Directors" section on page 43.

MR STUART GIBSON

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

Please refer to description under the "Board of Directors" section on page 44.

MR IVAN LIM MING REAN

Group Chief Financial Officer

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

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

Mr Lim received a bachelor's degree in estate management (second upper class honours) from the University of Malaya in September 1999. He was admitted as a Fellow of the Association of Chartered Certified Accountants in October 2009 and as a Chartered Accountant of Singapore in December 2016. Mr Lim also became a licensed valuer with the Malaysia Board of Valuers in January 2007.

MS LILIAN LEE

Group Chief Corporate Officer

Ms Lee, who joined the Group in June 2020 as Group Chief Corporate Officer, is responsible for providing strategic leadership for the Group's administration, human resources ("HR"), and corporate communications functions. She was also responsible for the Group Information Technology ("IT") function. With an extensive background spanning three decades in HR management, organisational transformation, and leading diverse corporate functions, Ms Lee brings a wealth of expertise to the Group. She has broad experience and expertise in human capital management and development as well as building talent pipeline and capabilities to support organisations in achieving sustainable business growth. Her career trajectory spans a wide spectrum of industries, specialisations, and geographical coverage, with nearly two decades in strategic HR and corporate leadership roles in the real estate sector. Before joining ESR, Ms Lee served as the general manager of human resources and administration at Mapletree Investments Pte. Ltd. During her ten-year tenure in Shanghai, China, she led the full suite of HR and administration operations for China while concurrently overseeing HR for India and holding the global role of senior vice president, learning and development for the Mapletree Group. Ms Lee has vast expertise in managing sizeable, cross-market teams in both large corporates (including public listed companies such as SIA Engineering Company and CapitaLand Limited) and the public sector (including the Ministry of Foreign Affairs).

Ms Lee graduated from the National University of Singapore with an honours degree in arts.

MR JOSH DAITCH

Group Chief Investment Officer

Mr Josh Daitch was appointed Group Chief Investment Officer on 11 July 2023 and is responsible for fund management, capital raising and driving new product creation. Prior to this appointment, Mr Daitch was Group Head of Fund Management and Capital. Mr Daitch brings nearly three decades of real estate investment experience to the Group, having held leadership roles across the private equity and real estate divisions in various financial institutions, including SAJE Capital and Mesirow Financial, where he founded the real estate investment management division.

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

Mr Daitch received his master of business administration degree from Northwestern University's Kellogg School of Management and bachelor of business administration degree with high distinction from the University of Michigan.

MR MATTHEW LAWSON

Group Chief Operating Officer

Mr Lawson was appointed Group Chief Operating Officer on 11 July 2023. In this role, he supports the Group Co-CEOs and works closely with the ESR business unit leadership in the delivery of key growth initiatives and performance across the Group. He is also responsible for optimising the Group's operating capabilities. Additionally, he oversees information technology and the insurance and business resilience functions.

Prior to his current appointment, Mr Lawson was responsible for managing the finance, corporate development, treasury, information technology and newly created clean energy infrastructure functions at ESR Australia as its chief financial officer.

Mr Lawson brings with him over 20 years of experience in leading global real estate investment and financial services companies across the Asia Pacific region. Prior to joining ESR in 2020, he was an executive director and chief financial officer of Hongkong and Shanghai Hotels Limited. Before this, he was a managing director at JPMorgan and head of their real estate investment banking practice in Asia, based in Hong Kong.

Mr Lawson holds a bachelor of international business relations from Griffith University, a bachelor of commerce from The University of Queensland and holds a certificate in chinese studies from Johns Hopkins School of Advanced International Studies (SAIS) and Nanjing University.

MS ZOE SHOU WENYI

Group General Counsel

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

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

DR MICHAEL DE JONG-DOUGLAS

Group Head, Customer Solutions & Partnerships, Logistics

Dr Michael de Jong-Douglas has been with ESR since 2014 and is now Group Head, Customer Solutions & Partnerships, Logistics, as well as responsible for the Future Solutions Group (new technologies). With nearly 26 years of experience exclusively in logistics real estate, Dr de Jong-Douglas has previously held leadership roles in Asia as deputy CEO for Mapletree Logistics REIT, and in Europe as regional head Central Europe, head of property management and head of due diligence Continental Europe for Prologis.

Dr de Jong-Douglas has a PhD in urban planning & applied geography from Utrecht University and attended the executive development program at Northwestern University; he also has an MBA, an MS in geography and a BS in public administration and planning. Dr de Jong-Douglas is a member of RICS, the ULI Asia Pacific technology and innovation council and ULI industrial and logistics council, and the ANREV sustainability committee.

MR MARK HWANG

Group Head of Legal

Mr Mark Hwang was appointed as Group Head of Legal in 2022. Mr Hwang has been general counsel of ARA, and is responsible for all legal matters. Prior to joining ARA, Mr Hwang was director of legal and business development for a private investment company where he supervised and managed the legal affairs for a wide range of listed and unlisted businesses across Asia Pacific, including real estate, financial services, hospitality, resources and commodities, chemicals, retail, FMCG, automotive parts and tires.

Prior to that, Mr Hwang was an executive director in the real estate investment banking business of Morgan Stanley, where he built the bank's first dedicated real estate coverage team for Southeast Asia. And prior to Morgan Stanley, Mr Hwang practiced as a capital markets and corporate lawyer with Allen & Gledhill in Singapore and Paul Hastings in Hong Kong. Mr Hwang holds a bachelor of law from the National University of Singapore and a master of laws from University College London, UK.

MR BOON KANG TANG

Group Head, Governance & Sustainability

Mr Tang Boon Kang was appointed as Group Head, Governance & Sustainability in 2022. He oversees the Group's sustainability initiatives and environmental, social and governance matters. Mr Tang was previously the senior director of Group Governance & Sustainability of ARA and was responsible for leading ARA's risk management, internal audit, compliance and sustainability functions.

Mr Tang has over 21 years of auditing, compliance, risk management and corporate governance experience. Prior to joining ARA, Mr Tang was with PricewaterhouseCoopers Assurance Practice, Singapore from 2001 to 2009.

Mr Tang holds a bachelor of accountancy (first class honours) from Nanyang Technological University, Singapore and is also a certified enterprise risk manager with a professional diploma (distinction) in enterprise risk planning and management from National University of Singapore. In addition, Mr Tang is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales, a Chartered Accountant with the Institute of Singapore Chartered Accountants and a certified internal auditor with the Institute of Internal Auditors Singapore. He is also a member of the Singapore Institute of Directors and Asia Risk Management Institute.

Business Leadership Team

MR DAVID BLIGHT
Chief Investment Officer, ARA Private Funds

MS RUI HUA CHANG
Managing Director, Business Management and Investment, ESR Hong Kong

MR MARK EBBINGHAUS
CEO, ARA Europe

MR TRENT ILIFFE
Managing Director and Co-CEO, LOGOS

MR ANTHONY KANG
CEO, ARA Korea

MR JIHUN KANG
Chief Investment Officer, ESR Korea

MR MEOW CHONG LOH
CEO, ESR Indonesia

MR ABHIJIT MALKANI
CEO, ESR India

MR JOHN MARSH
Managing Director and Co-CEO, LOGOS

MR DIARMID MASSEY
CEO, Data Centres

MR HIDEAKI MATSUNAMI
Managing Director, ESR Japan

MR JAI MIRPURI
Head, Singapore Development & Thailand

MR THOMAS NAM
CEO, ESR Korea

MR PHILIP PEARCE
CEO, ESR Australia

MR MOSES K SONG
CEO, ARA Asset Management Limited

MR BO ZHOU
Chief Operating Officer, ESR China

Business Leadership Team — REITs

MR SANGHWOI BAE
CEO, ESR KendallSquare REIT

MS JUSTINA CHIU
CEO, Fortune REIT

MR KEE HIONG CHONG
CEO, Suntec REIT

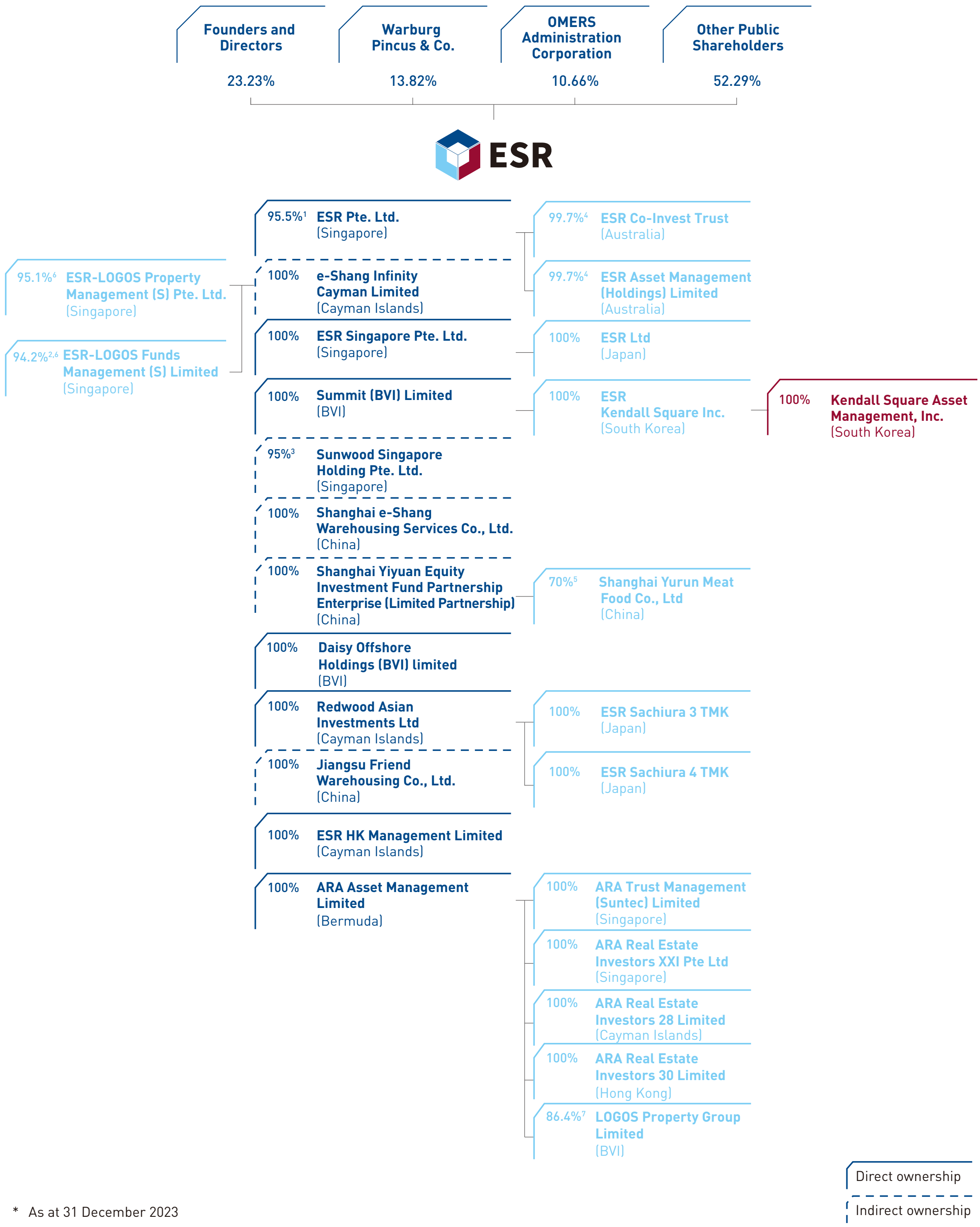
MR ADRIAN CHUI
CEO, ESR-LOGOS REIT

MR JIN YONG LEE
CEO, ARA US Hospitality Trust

MS MAVIS WONG
CEO, Prosperity REIT

Note: The leadership team list pertains to the year ended 31 December 2023.

Corporate Structure



* As at 31 December 2023

Notes:
1. The remaining 4.5% equity interest in ESR Pte. Ltd. is held by Rosewood (Cayman) Holdings, the ultimate beneficial owner of which is a director of certain subsidiaries of the Group.
2. 1% equity interest in ESR-LOGOS Funds Management (S) Limited is held by Shanghai Summit Pte Ltd, an independent third party to the Group. For the remaining 4.8% equity interest in ESR-LOGOS Funds Management (S) Limited, refer to note 6 for detail.
3. The remaining 5% equity interest in Sunwood Singapore Holding Pte. Ltd. is held by Mr Thomas Nam as to 3%, CEO of ESR Korea, and by Mr Jihun Kang as to 2.0%, CIO of ESR Korea.
4. ESR Co-Invest Trust and ESR Asset Management (Holdings) Limited are held through ESR Australia Holding Company Pte. Ltd. of which the Group holds 99.732% interest through ESR Pte. Ltd.. The remaining 0.268% equity interest in ESR Co-Invest Trust and ESR Asset Management (Holdings) Limited are held by Skunsh Pty Ltd, as trustee for the McKenna Investment Trust.
5. The remaining 30% equity interest in Shanghai Yurun Meat Food Co., Ltd. is held by Jiaxing Yishang Equity Investment Partnership (Limited Partnership), which is controlled by a fund managed by ESR.
6. The remaining 4.9% equity interest in ESR-LOGOS Property Management (S) Pte. Ltd. and 4.8% equity interest in ESR-LOGOS Funds Management (S) Limited are held by the minority shareholder of LOGOS Property Group Limited. Detail of the minority shareholder is disclosed in Note 7.
7. The remaining 13.6% equity interest in LOGOS Property Group Limited is ultimately held by Mr John Marsh as to 6.15%, by Mr Trent Iliffe as to 6.15%, and by Mr Stephen Hawkins as to 1.31%, all of them are the founders of LOGOS Property Group Limited.

Investor Relations

ESR believes in cultivating strong and sustainable relationships with external and internal stakeholders. ESR's senior management, Group Investor Relations ("IR") and Group Corporate Affairs teams place great importance on providing effective two-way communication between the company and key stakeholders, from shareholders to investors, analysts, the media and members of the public. By adopting best practices and maintaining factual accurate and credible communications, ESR aims to foster understanding and knowledge of the Group's strategies, developments, and performance. The Group's communication policy is grounded in the principles of efficiency, transparency, and clarity.

PROACTIVE INVESTOR ENGAGEMENT

ESR Group is committed to an ongoing and proactive engagement with its internal and external stakeholders. With specific focus on the investment community at large and executed on a timely and consistent basis, ESR aims to foster an environment of open feedback and mutual dialogue whilst enabling its stakeholders to keep abreast with the company's strategies, developments, and performance.

ESR's investor engagement programs run throughout the year, in a combination of physical, virtual and hybrid formats to facilitate all-round investor participation. In 2023, ESR's management and the IR team engaged in nine major investment bank conferences and established connections with institutional investors through various events such as conferences, non-deal roadshows, and individual investor updates. In addition, the Group hosted informative site visits at its properties and development projects sites across Australia, Japan and South Korea, providing investors with a first-hand experience of ESR's operations and facilities.

In May 2023, ESR held its inaugural Investor Day which was well attended by investors through physical and virtual means. The platform provided investors with valuable insights into the Group's business highlights, priorities and outlook from ESR Group's Business Leadership Team. Other notable investor events included the ESR Group Sponsor & REITs day as well as Data Centre teach-in sessions.

The Annual General Meeting ("AGM") provides the Board and senior management team with an excellent opportunity to meet with shareholders and address their questions about ESR's business.

TIMELY AND TRANSPARENT DISCLOSURES

ESR is dedicated to maintaining the utmost standards of disclosure and transparency. All material information is promptly disseminated through announcements, press releases, and presentations on the Stock Exchange and ESR's website. ESR regularly hosts financial results presentations and discussions to explain its strategy and business performance, and to gather inputs from the investment community. This includes half yearly live webcasts where the investment community can interact with management.

ESR has a dedicated IR webpage with announcements, IR policies and materials relating to its financial results and annual reports. Furthermore, the investment community can conveniently subscribe to the email alert service through ESR's website to keep abreast of the latest announcements. Queries or feedback can also be sent through dedicated email addresses to the IR and corporate affairs team.

ESR management team at ESR Investor Day 2023

ESR Board and senior management team at ESR FY2022 AGM

RESEARCH ANALYST COVERAGE

As at 31 December 2023, ESR is actively covered by 11 research analysts from these research firms:

- BofA Securities
- CICC Equity Research
- CITIC Securities
- Citi Research
- DBS Group Research
- Goldman Sachs Equity Research
- HSBC Global Research
- J.P. Morgan Asia Pacific Equity Research
- Morningstar
- Morgan Stanley Research
- UBS Global Research

FINANCIAL CALENDAR

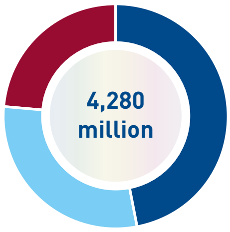
Results announcement for FY2023	21 March 2024
AGM for FY2023	31 May 2024
Interim results announcement for the half-year ending 30 June 2024	August 2024

FY2023 INVESTOR RELATIONS CALENDAR

1H2023	Investors' Site Visit	9–12 January
	UBS Greater China Conference	13 January
	Goldman Sachs Asia Financials Day	16 January
	FY2022 Post-Results Non-deal Roadshow	23, 24 March
	ESG Non-deal Roadshow	16 May
	Investors' Site Visit	17 May
	Citi Pan-Asia Regional Investor Conference	23 May
	ESR Investor Day	26 May
	FY2022 AGM	7 June
	ESR Group & REITs Corporate Day	27 June
	Citi Asia Pacific Conference	28 June
2H2023	UBS APAC Property Conference	4 July
	Investors' site Visit	5 July
	1H2023 Post-Results Non-deal Roadshow	24, 25 August
	Goldman Sachs China+ Conference	7 September
	CITIC CLSA Flagship Investors' Forum	11 September
	Morgan Stanley Asia Pacific Summit	15 November

Shareholding Base by Investor Type

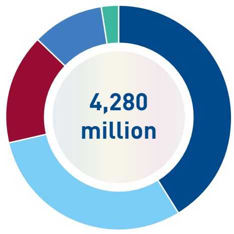
As of 31 December 2023



■	Other Public Shareholders	47.0%
■	Substantial Shareholders	29.5%
■	Co-founders and Directors	23.5%

Shareholding Base by Geographical Distribution

As of 31 December 2023



■	Hong Kong / China	41.3%
■	North America	30.1%
■	Other Asia	15.9%
■	United Kingdom and Europe	10.2%
■	Rest of World and Unidentified Holdings	2.5%

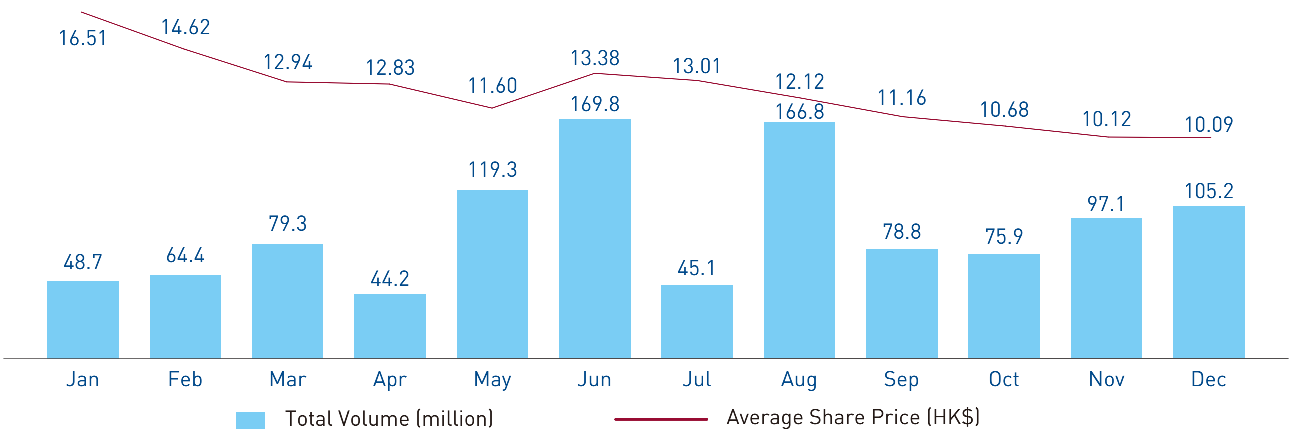
SHAREHOLDING AS AT 31 DECEMBER 2023

Size of registered shareholding	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
500 or below	55	57.29%	11,456	0.00%
501–1,000	15	15.62%	12,400	0.00%
1,001–10,000	20	20.83%	81,000	0.00%
10,001–100,000	3	3.13%	85,400	0.00%
Above 500,000	3	3.13%	4,280,254,304	100.00%
Total	**96**	**100.00%**	**4,280,444,560**	**100.00%**

*98.9% of total issued shares or 4,280,444,560 shares were held through the Hong Kong Securities Clearing Company Limited as at 31 December 2023.

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

FY2023 MONTHLY TRADING PERFORMANCE



FY2023 SHARE PRICE PERFORMANCE

Share Price (HK$) (Based on end of day closing price)	FY2023
3 Jan 2023*	16.42
Max	17.20
Min	9.56
Average	12.38
31 Dec 2023	10.80
Total volume (million shares)	1,094.51
Average daily trading volume (million shares)	4.50

* 1 Jan 2023 and 2 Jan 2023 are non-trading days

STOCK CODE: 1821

- Hang Seng Composite Index
- FTSE Global Equity Index Series (Large Cap)
- MSCI Hong Kong Index

ESR GROUP INVESTOR RELATIONS CONTACT

Email: ir@esr.com

ESR GROUP CORPORATE AFFAIRS CONTACT

Email: gca@esr.com

Risk Management

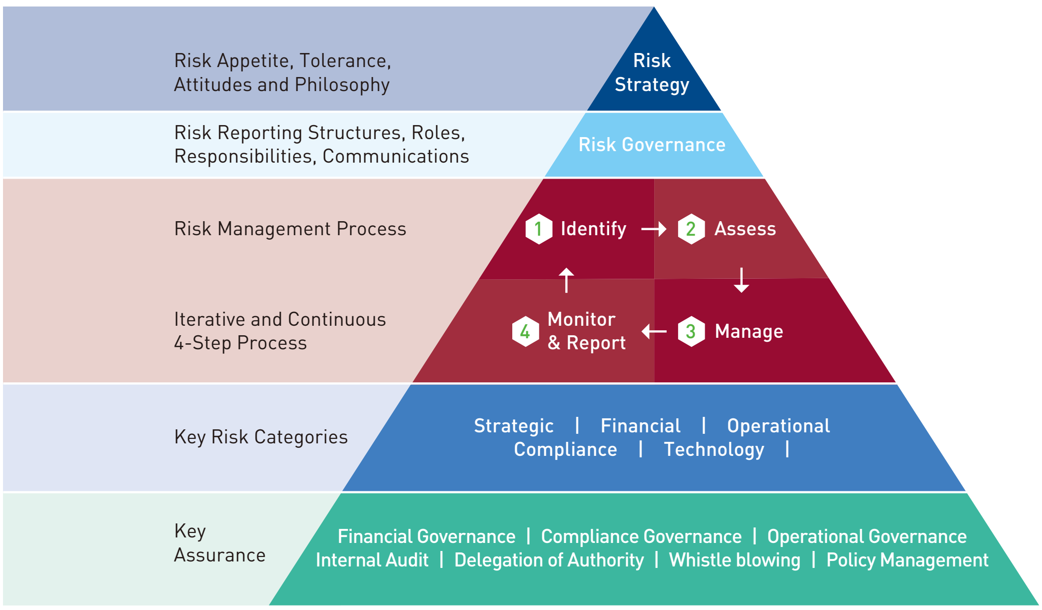
The Group takes a proactive approach in having a sound and robust risk management framework that ensures the Group is ready to meet challenges and seize opportunities through risk-informed decision-making. The risk management programme not only plays an integral part of the business, both strategically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

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

STRONG OVERSIGHT AND GOVERNANCE

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

In establishing an organisation-wide risk governance structure, ESR Group adopts an ERM Framework which is adapted from ISO 31000 International Risk Management Standards, COSO Internal Control-Integrated Framework and the TCFD recommendations — now under the purview of the ISSB. It provides a holistic and consistent process for identifying, assessing, monitoring and reporting of risks. This framework aims to drive risk accountability and ownership at all levels of the organisation, at the same time maintaining the right level of commitment and segregation across stakeholder groups. The Group Risk Management department works closely with the management to continually review and enhance the risk management system in accordance with market practices and regulatory requirements, under the guidance and direction of the Audit Committee and the Board. Major changes to the ERM Framework, risk policies, risk parameters and terms of references are discussed with the Audit Committee. Over the past financial year, the ERM Framework underwent key refinements, including the enhancement of impact parameter descriptions for risk prioritisation and the establishment of a more comprehensive approach in identifying, assessing, and managing climate-related risks. These updates received the Audit Committee's endorsement within the same period.



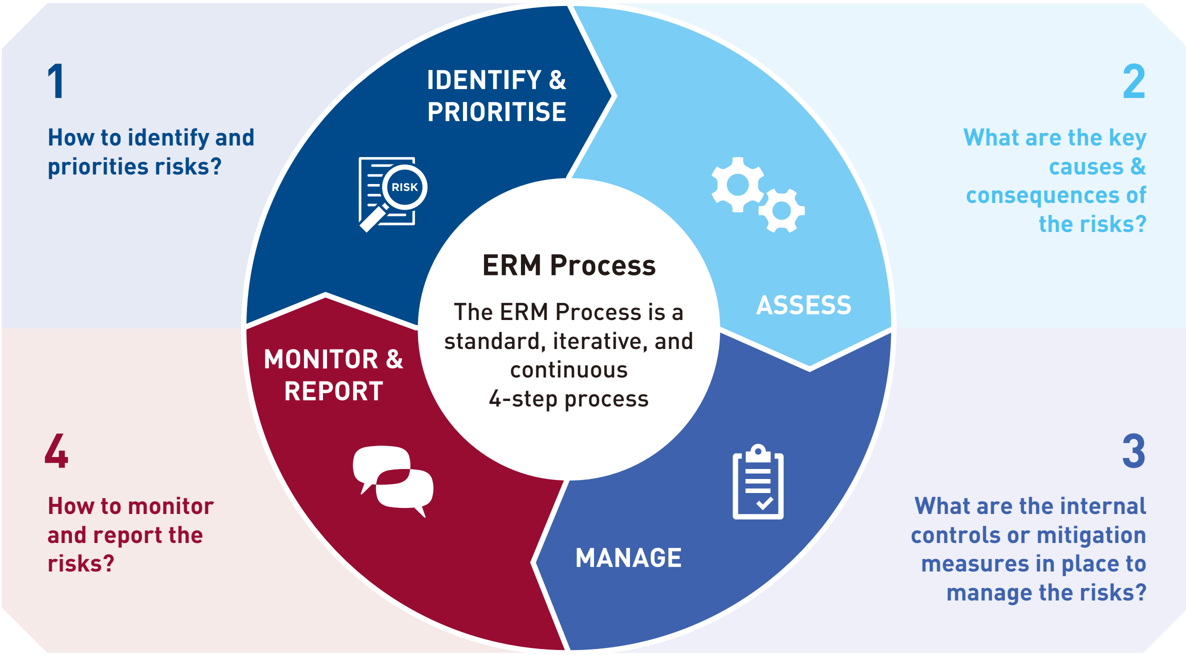
In establishing a group-wide risk governance structure, ESR Group adopts the 'four lines of defence' model. This governance model aims to drive risk accountability and ownership at all levels of the organisation, at the same time maintaining the right level of commitment and segregation across stakeholders.

Four Lines of Defence

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

RISK MANAGEMENT PROCESS

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



Risk Identification

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

A five-by-five risk matrix is used as the primary tool to facilitate the prioritisation of risks based on likelihood and impact. Risks are valued on the matrix based on the likelihood of occurrence and magnitude of impact should the risks materialise. The magnitude of impact includes consideration of financial, regulatory, reputational, operational and environmental effects. Parameters representing ESR Group's risk appetite and tolerance are also established to guide the evaluation of risks on the matrix. This risk identification exercise monitors any risk changes and trends as well as the effectiveness of the related control mechanisms and/or control activities within the overall risk profile. The Group Risk Management department works closely with the risk owners to identify key risks, assess their likelihood and impact on the Group's business, and establish corresponding mitigating controls to manage these risks.

Risk Assessment and Management

In-depth risk assessments are performed for key risks faced by the Group with the consideration of the potential drivers, likelihood of the risks occurring and consequences, as well as mitigating controls in place to manage them. These risk assessments are conducted with the risk owners from country and Group levels during facilitated risk prioritisation and training workshops during the year. Action plans are then identified to further manage risks as necessary. Risk assessments are also reviewed periodically to ensure continued relevance to the Group. The process and its outcomes are documented to facilitate communication and provide information for decision-making. This risk review process enables comprehensive identification and prioritisation of all material risks throughout the Group, effective management of material risks at the appropriate managerial level, having effective risk dialogue and proper governance of risk mitigation efforts.

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

Risk Monitoring and Reporting

To ensure that risk management remains focused and effective, the Group has set in place mechanisms to monitor and report risks on a regular basis. Appointed risk owners are responsible for the continuous monitoring of their respective risks. They undertake an iterative and comprehensive approach according to the established risk governance structure and process in identifying, assessing, managing, monitoring and reporting of key risks. Key issues noted are highlighted to appropriate parties in a timely manner. On a half-yearly basis, key updates on any material changes to Group's risk profiles, the implementation status of the risk management activities and controls, and plans undertaken to manage key risks are presented to the management, Audit Committee and Board for reviews and discussions. The Group has also developed internal key risk indicators that serve as an early-warning system to highlight risks that have escalated beyond the agreed tolerance levels. In addition, the Management has established required follow-up actions to be taken when risk thresholds are breached. The key risks and key risk indicators are reviewed by management and Audit Committee before they are drawn to the attention of the Board.

RISK CATEGORIES

Strategic Risk

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

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

The Group provides a suite of private real estate fund and REIT products that embrace every stage of the asset life cycle in the New Economy and prime commercial sectors. It also develops and manages a network of superior logistics, data centres and commercial assets across APAC's dynamic growth markets. The Group continues to drive strategic long-term growth in establishing new REITs, private real estate funds and investments in various real estate sectors, including the New Economy. In addition, the Group is committed to integrate ESG into every aspect of its business, investments and operations.

Financial Risk

The Group believes that financial prudence is integral to business sustainability and adopts a disciplined financial management by maintaining a strong balance sheet and robust capital management. Management closely manages and monitors financial risks — such as liquidity, credit, currency, and interest rate risks — through well-staggered debt maturity profiles, vigilant monitoring of credit spreads and interest rate volatility, hedging strategies, and maintaining a low Gearing. Management also maintains a robust cash flow position and ensures that there are sufficient working capital lines to meet financial obligations. The Group also proactively diversifies its funding sources to reduce dependency on any single funding channel for its financing and refinancing needs. Reports monitoring financial metrics and indicators are submitted to the Board at least on a half-yearly basis.

Operational Risk

The Group has established a set of comprehensive policies and procedures designed to identify, manage, monitor and report operational risks associated with the day-to-day activities and to facilitate the understanding and implementation of different work processes. These operational procedures and guidelines are reviewed regularly to ensure relevance and effectiveness. In addition, compliance with policies and procedures is assessed through employee training and regular reviews by the Group Internal Audit department to provide recommendations on any gaps that are identified. As part of the business continuity procedures, incident reporting and escalation protocols are established and communicated to all staff for emergencies. This is to ensure the Group is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business function and minimising impact on its people, assets and operations. ESR Group also recognises that human capital is key to the business and has put in place measures to manage the attraction and talent management, including succession planning, periodic benchmarking of staff remuneration, performance-based rewards, among others. The Group has established a performance management framework to review employees' performance annually. A rating will be given to each of the employees depending on their performance and remuneration will be rewarded accordingly based on the rating. ESR Group has a dedicated talent management and learning team within the Group HR function as an independent Centre of Excellence, designed to drive group-wide talent management and learning strategies. Training activities include job related training opportunities, such as those pertaining to new regulations, external certification, safety related courses and other customised leadership workshops. These training programmes will form part of the training targets of 16 to 26 training hours annually for all staff in order to fulfill their individual plan.

With climate change and the associated changes in climate regulations, in addition to the increased focus on the reduction of carbon footprint, ESR Group evaluates the environmental performance of its existing and assets under development, where feasible, and the potential financial implications such as direct damage to assets and indirect impacts from supply chain disruptions. The objective is to build a resilient portfolio and achieve its sustainability efforts, while incorporating environmental risks as part of its due diligence process. A comprehensive ESG investment checklist, approved by the Investment Strategy Committee, was established focusing on ESG requirements by fund investors, which covers climate-related risks, building certifications, renewable energy adoption, indoor environmental quality, material sourcing and sustainable procurement, building technical assessments and environmental management systems, energy, water and waste management efficiencies, occupier considerations, amongst other factors, where applicable. ESR Group has adopted the Task Force on TCFD recommendations — now under the purview of the ISSB as a framework for assessing and managing climate-related risks. The TCFD provides recommendations on how to assess, identify, understand, adapt and/or mitigate climate-related risks and opportunities (both physical and transition) which will have medium and long-term effects on ESR Group's business, including potential financial impacts, through scenarios analysis and climate risk assessments.

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

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

Compliance Risk

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

A comprehensive corporate governance framework has been established to maintain responsible and transparent business practices and adopt a zero-tolerance approach to fraud, bribery and corruption of any form in the conduct of business. All employees are committed to acting professionally, transparently, and fairly with integrity in all business dealings and relationships with the Group's stakeholders at all times. The framework includes policies on code of conduct and business ethics, conflict of interest, whistle blowing, anti-money laundering and counter terrorist financing, prohibition of bribery, acceptance or offer of gifts and entertainment and employee trading and handling of insider information to ensure that all business activities are conducted with honesty, fairness and high ethical standards. Compliance with policies and procedures is required at all times. Group Internal Audit will conduct a review of compliance with such policies, including ethical standards, annually. In addition, there are mandatory annual ethics and compliance training, employee trading and code of conduct attestation by employees. This includes contract staff who have at least a 12-month employment contract. Ethics training include completing mandatory courses on topics such as awareness on anti-money laundering, anti-bribery and anti-corruption via third party training platform whereby employees are required to pass an assessment in order to complete the course. The training will help new joiners and existing staff to understand the compliance policies and procedures which guide employees' behaviour to meet the required standards and requirement, and also reinforce the employees' compliance knowledge and related protocols, as part of their ongoing business activities to minimise the compliance risks.

Through the Group's Code of Conduct and Business Ethics and Whistleblowing policy, employees are encouraged to report control deficiencies, ethical issues or suspicions of impropriety to the local Compliance Officer, Group Compliance Officer or Group General Counsel, when applicable, through various whistleblowing channels. ESR Group is dedicated to treating whistleblower with fairness and ensuring their protection from reprisals, victimisation, or any form of detrimental or unfair treatment when they report in good faith. The confidentiality of all information received will be maintained, and the identities of all whistleblower will be safeguarded. All reported cases will be preliminary reviewed to understand the circumstances surrounding the allegation based on the information provided by the whistleblower. Management treats all misconduct and dishonesty seriously and seeks to conduct independent investigation and take appropriate disciplinary action on concerns raised, including termination of employment, if required. All independent investigations will be reported to the Audit Committee accordingly. Separately, a grievance, which may vary in complexity and severity, can be brought up by an employee to his/her manager, head of department or directly to the human resources department. In situations where the matter involves disciplinary action being taken against an employee, the human resources department will proceed with the necessary measures leading to the required action in accordance with the Disciplinary Action provision with the management's approval. The management of the Group will review all grievance cases and aims to resolve complaints objectively, fairly, promptly, and confidentially.

Technology Risk

The Group acknowledges the rising threats posed by cyberattacks which have become increasingly more prevalent and sophisticated. In response, ESR Group continuously assesses the adequacy of the computer systems and implement improvements to the platforms, reflecting the Group's increased reliance on technology to enhance operational efficiency and provide high quality internal governance. ESR Group has put in measures to protect itself against technology-related risks which may arise from both internal and external sources. The Group has instituted robust measures to shield the Group from technology-related risks emanating from both internal and external sources. In addition, ESR Group has in place comprehensive set of information technology policies and procedures governing information availability, confidentiality and security to prevent any leakage of confidential information.

Management provides the Audit Committee with regular half-yearly cybersecurity updates using Key Risk Indicators, as well as an annual comprehensive cybersecurity update. This keeps the board well-informed about the Group's security posture, ongoing initiatives, and potential threats, thus fostering strategic guidance and enhancing decision-making capabilities.

To ensure the Group remains vigilant against potential security breaches and phishing scams, mandatory annual training on IT security awareness is conducted. This is part of the Group's broader commitment to fostering a culture of continuous learning and adaptation, which is critical in the face of evolving cyber threats. Moreover, the constant monitoring of internet gateways, coupled with regular network vulnerability assessment and penetration testing by third party consultants, helps the Group to identify any potential security gaps promptly. Such measures are crucial, as weak IT security can tarnish ESR Group's reputation and erode stakeholder confidence.

Over the past three years, ESR is proud to report that there has been no group-wide and third-party information security breach, a testament to the effectiveness of the Group's cybersecurity measures and proactive risk management approach. ESR Group engages service providers to carry out a range of business functions. To ensure effective third-party security management, ESR Group has developed a robust framework and processes to assess and monitor the information security controls implemented by third parties and continuing compliance with the Group's stringent security standards.

A Security Operations Centre ("SOC") has been established and monitored by a third-party service provider, in collaboration with Group IT. This initiative is designed to monitor external events that could impact ESR Group's network and data. The SOC continuously enhances ESR Group's security posture while preventing, detecting, analysing and responding to any potential cybersecurity incidents.

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

To augment its defence mechanisms against the financial repercussions of cyber incidents, the Group has secured cyber liability insurance, which also covers information security risks. This strategic move provides an additional safeguard, aimed at mitigating the potential financial losses and liabilities that may arise from cybersecurity threats and data breaches. This comprehensive approach to managing technology risks underscores the proactive stance in safeguarding the Company's assets and reputation, reinforcing its commitment to operational excellence and stakeholder trust.

Corporate Governance Report

The board of directors of the Company (the "Board") is pleased to present this corporate governance report setting out a discussion of the corporate governance practices adopted and observed by the Group.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high corporate governance standards to safeguard the interests of its stakeholders. The Company has applied the principles in the Corporate Governance Code ("CG Code") in Part 2 of Appendix C1 of the Rules Governing the Listing Rules on the Stock Exchange by conducting its business by reference to the principles of the CG Code and emphasising such principles in the Company's governance framework. It is in the opinion of the Directors that the Company has complied with all the code provisions as set out in the CG Code during the year ended 31 December 2023 (the "Year").

THE BOARD

Board Compositions

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

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

Non-executive Directors
Mr Jeffrey David PERLMAN (Chairman of the Board)
Mr Charles Alexander PORTES (Group Co-founder)
Mr Wei HU (retired at the AGM held on 7 June 2023)
Mr Hwee Chiang LIM
Dr Kwok Hung Justin CHIU
Mr Rajeev Veeravalli KANNAN
Ms Joanne Sarah MCNAMARA (appointed on 1 January 2024)

Independent Non-executive Directors
Mr Brett Harold KRAUSE
Mr Simon James MCDONALD
Ms Jingsheng LIU
Ms Serene Siew Noi NAH
Ms Wei-Lin KWEE

The biographical details of the Directors are set out in the "Board of Directors section" of this annual report. There is no financial, business, family or other material or relevant relationship between members of the Board.

Chairman and Chief Executive

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

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

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

Term of Appointment of Non-executive Directors

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

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

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

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

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

Compliance in relation to Independent Non-executive Directors

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

The Company is of the view that each of the Independent Non-executive Directors remains independent.

Compliance in relation Rule 3.09D of the Listing Rules

In accordance with Rule 3.09D of the Listing Rules, Ms Joanne Sarah McNamara, who was appointed as a Non-executive Director on 1 January 2024, has obtained the legal advice on 21 December 2023 from a firm of solicitors in respect of the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Ms. McNamara has confirmed that she understands her obligations as a Director of the Company.

Corporate Governance Report

Meetings and Attendance Records

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

		Attendance/Number of Meetings (percentage of attendance[Note 3])				
Name of Directors	Note	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Executive Directors						
Mr Jinchu SHEN (Group Co-founder and Co-CEO)		4/4 (100%)	N/A	N/A	N/A	1/1 (100%)
Mr Stuart GIBSON (Group Co-founder and Co-CEO)		4/4 (100%)	N/A	N/A	N/A	1/1 (100%)
Non-executive Directors						
Mr Jeffrey David PERLMAN (Chairman of the Board)		4/4 (100%)	N/A	N/A	2/2 (100%)	1/1 (100%)
Mr Charles Alexander PORTES (Group Co-founder)		3/4 (75%)	N/A	N/A	N/A	1/1 (100%)
Mr Wei HU	(1)	1/2 (50%)	N/A	N/A	N/A	0/1 (0%)
Mr Hwee Chiang LIM		4/4 (100%)	N/A	N/A	N/A	1/1 (100%)
Dr Kwok Hung Justin CHIU		4/4 (100%)	N/A	N/A	N/A	1/1 (100%)
Mr Rajeev Veeravalli KANNAN		4/4 (100%)	N/A	N/A	N/A	1/1 (100%)
Ms Joanne Sarah MCNAMARA	(2)	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Mr Brett Harold KRAUSE		4/4 (100%)	4/4 (100%)	2/2(100%)	2/2 (100%)	1/1 (100%)
Mr Simon James MCDONALD		4/4 (100%)	4/4 (100%)	N/A	2/2 (100%)	1/1 (100%)
Ms Jingsheng LIU		4/4 (100%)	N/A	1/2 (50%)	N/A	1/1 (100%)
Ms Serene Siew Noi NAH		4/4 (100%)	4/4 (100%)	2/2 (100%)	N/A	1/1 (100%)
Ms Wei-Lin KWEE		2/4 (50%)	N/A	N/A	1/2 (50%)	1/1 (100%)

Notes:
1. Mr Wei Hu retired at the AGM held on 7 June 2023.
2. Ms Joanne Sarah McNamara was appointed as a Non-executive Director on 1 January 2024.
3. The average attendance by Directors was 92% in FY2023 and 90% in FY2022.

Induction and Continuous Training and Professional Development

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

Every newly appointed Director of the Company received a comprehensive, formal and tailored induction upon his appointment. Based on the records provided by the Directors, the continuous professional development taken by each of the Directors during the year ended 31 December 2023 is summarised as follows:

Name of Director	Training Attended[Note 1]
Executive Directors	
Mr Jinchu SHEN (Group Co-founder and Co-CEO)	√
Mr Stuart GIBSON (Group Co-founder and Co-CEO)	√
Non-executive Directors[note 2]	
Mr Jeffrey David PERLMAN (Chairman of the Board)	√
Mr Charles Alexander PORTES (Group Co-founder)	√
Mr Wei HU (retired at the AGM held on 7 June 2023)	N/A
Mr Hwee Chiang LIM	√
Dr Kwok Hung Justin CHIU	√
Mr Rajeev Veeravalli KANNAN	√
Ms Joanne Sarah MCNAMARA (appointed on 1 January 2024)	N/A
Independent Non-executive Directors	
Mr Brett Harold KRAUSE	√
Mr Simon James MCDONALD	√
Ms Jingsheng LIU	√
Ms Serene Siew Noi NAH	√
Ms Wei-Lin KWEE	√

Note:
1 All the Directors received training and training materials, including from the Company's external legal advisor, about matters relevant to their duties as Directors. They also kept abreast of matters relevant to their role as Directors by such means as attendance at seminars and conferences and/or reading materials about financial, commercial, economic, legal, regulatory and business affairs.
2 Ms Joanne Sarah McNamara was appointed as a Non-executive Director with effect from 1 January 2024. She was not a Director during the Year.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by Directors. The Company has adopted a code of conduct ("Code of Conduct and Business Ethics") regarding all Directors', officers' and employees' securities transactions on terms no less exacting than the required standard set out in the Model Code.

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

Corporate Governance Report

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

Board Committees

Audit Committee

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

The main functions and duties of the Audit Committee include:

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

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

During the Year, the Audit Committee held four meetings in March, June, August and December 2023 for the review of the 2022 annual results and 2023 interim results of the Group respectively, and also including but not limited to review of the risk management and internal control systems and the review of the effectiveness of the Group's internal audit function.

Remuneration Committee

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

The major functions and duties of the Remuneration Committee include:

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

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

During the Year, the Remuneration Committee held two meetings in March and November 2023 for the determination of the policy for the remuneration of Executive Directors, assessment of the performance of Executive Directors, approval of the terms of Executive Directors' service contracts and appointment letters for the Independent Non-Executive Directors. For Executive Directors, their total remuneration includes variable components which are aligned to their performance targets. The Remuneration Committee also reviewed grants of awards under the Long Term Incentive Scheme during the Year. For the awards ("Grants") granted during the Year with less than 12 months of vesting period, the Remuneration Committee considered it appropriate to award the Grants with vesting period of less than 12 months as those Grants would have been granted earlier but for administrative or compliance reasons, those were made in a subsequent batch with a view to putting the relevant grantees in the same position as they would have been in had the Grants been made earlier.

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

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

The remuneration payable to members of senior management by band for the year ended 31 December 2023 is set out below:

	For the year ended 31 December	
	2023	2022
	Number of Individuals	Number of Individuals
Remuneration band (USD)		
Below US$2,000,000	3	2
US$2,000,001 to US$4,000,000	3	—
US$4,000,001 to US$6,000,000	—	2

Particulars of remunerations of Executive Directors are set out in note 8 to the Consolidated Financial Statements.

Corporate Governance Report

Nomination Committee

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

The key functions and duties of the Nomination Committee include:

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

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

During the Year, the Nomination Committee held two meetings attended by the then members of the Nomination Committee in March and November 2023 for the interview of candidates, review of the nomination policy, procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

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

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

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

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

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

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

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

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

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

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

In terms of gender diversity in the workforce (including senior management), as at the date of this report, the Company's workforce (including senior management) has 45.4% female employees, ahead of the Board's target to achieve at least 42% of female employees of the Company by 2025. Therefore, the Board considers that the above current gender diversity in the workforce (including senior management) has been achieved with reference to the current circumstances of the Company.

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

Corporate Governance Functions

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

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

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

COMPANY SECRETARY

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

Corporate Governance Report

Pursuant to rule 3.29 of the Listing Rules, Mr Lee undertook no less than 15 hours of relevant professional training in 2023.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Directors acknowledged their responsibility for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2023. The statement by the auditors about their reporting responsibilities for the auditors' report on the financial statements is set out in the Independent Auditor's Report on pages 119 to 124 of this annual report.

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

External Auditor's Remuneration

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

The remuneration paid or payable by the Group to Ernst & Young in respect of their audit and non-audit services relating to tax and transaction services for the year ended 31 December 2023 amounted to approximately US$4,352,000 and US$776,000, respectively.

Internal Controls and Risk Management

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

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

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

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

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

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

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

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

Refer to "Risk Management" on pages 57 to 63 of this annual report for further details of the Group's risk management programme.

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

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

Internal Audit

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

Corporate Governance Report

CORPORATE CULTURE

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

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

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Convening an Extraordinary General Meeting

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

Putting Forward Proposals at General Meetings

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

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

Putting Forward Enquiries to the Board

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

Voting Rights

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

Constitutional Documents

The Articles of Association of the Company was adopted on 12 October 2019 which became effective on 1 November 2019 (the "Listing Date"). Since the Listing Date, no change was made to the Articles of Association of the Company.

Investor Relations

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

The Company has in place a Group Investor Relations department and a Group Corporate Affairs department, both of which facilitate effective engagement with the Company's shareholders, investors, analysts, fund managers, the media and members of the public. The Company has put in place a shareholders communication policy ("Shareholders Communication Policy") to promote an ongoing, effective and transparent channel for dialogue between the Board, senior management with shareholders and the investment community. The Company ensures effective and timely dissemination of corporate information to shareholders and the investment community, mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as access to public materials available on the Stock Exchange and on the Company's website.

In alignment with the Company's commitment to transparency and accountability, the Group Investor Relations department organises investor/analysts briefings and participates in one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums, etc on a regular basis in order to facilitate communication between the Company, shareholders and the investment community. During the Year, senior management actively met with shareholders and the investment community throughout Asia Pacific, Europe and United States through virtual and in-person conferences, non-deal roadshows and one-on-one investor updates. The Company's 2023 AGM was convened physically on June 2023. Attended by the Directors and senior management, the 2023 AGM provided the opportunity for interaction with shareholders and their appointed proxies. The Shareholders Communication Policy is available for download from the Company's website at www.esr.com.

The Board reviewed the implementation and effectiveness of the Shareholders Communication Policy during 2023 and the results were satisfactory.

The Group has a formal policy on corporate disclosure controls and procedures to ensure that the Company complies with its disclosure obligations under the Listing Manual. To keep the Board abreast of investors' perceptions and market developments, the Group Investor Relations department collaborates with the Group Finance department in providing updates on analyst consensus estimates and views at Board meetings. Analyses of the shareholder register, shareholder engagement updates and general equity market updates are also provided.

More information on the Company's investor relations efforts during the Year can be found in the "Investor Relations" section on pages 54 to 56 of this Annual Report.

Remuneration Section

INTRODUCTION

This Remuneration Section provides key information about how the Company's Directors and key management personnel ("KMPs") are compensated. It outlines the framework for remuneration, including fixed pay, short-term incentives ("STI"), and Long Term Incentive Schemes ("LTIS"), and highlights the alignment of remuneration practices with the Group's strategies and ESG factors. Additionally, the report discusses actual remuneration outcomes, emphasising their contribution to the creation of long-term sustainable value for shareholders and stakeholders, in line with the FY2023 financial performance of the Group. While maintaining transparency, the disclosure in this section is made consistent with statutory requirements and the Group is of the view that such disclosure is sufficient to enable shareholders to understand the link between remuneration and performance, which is not prejudicial to the interests of shareholders.

REMUNERATION FRAMEWORK

The Remuneration Framework and its Emolument Policy (i.e., as disclosed in the Directors' Report) are designed to support the implementation of the Group's strategic pillars and deliver sustainable returns to shareholders. The framework's principles governing the remuneration of the KMPs are as follows:

Performance and Value Creation	Competitiveness and Fairness	Transparency and Accountability	Governance and Oversight
Aims to align the rewards of executive directors and key management personnel with the Company and individual performance, as well as the long-term value creation for the shareholders and stakeholders.	Strives to offer competitive and fair compensation to attract, retain and motivate the talent needed to achieve the strategic objectives of the Company, while considering the market conditions, industry practices and internal equity.	Remains transparent and accountable to the shareholders and the public, as it discloses the remuneration components, criteria, process, and outcomes in a clear and comprehensive manner, and the Remuneration Committee provides oversight over remuneration related matters.	Governed by the Remuneration Committee, guided by the Listing Rules and the best practices and principles of corporate governance and remuneration. The Remuneration Committee reviews and makes recommendations to the Board. External consultants are engaged as appropriate.

For FY2023, the KMPs refer to the Executive Committee members which comprise Mr Jinchu Shen and Mr Stuart Gibson (who are Executive Directors, Group Co-founders and Co-CEOs), Ms Lilian Lee (Group Chief Corporate Officer), Mr Ivan Lim Ming Rean (Group Chief Financial Officer), Mr Josh Daitch (Group Chief Investment Officer) and Mr Matthew Lawson (Group Chief Operating Officer).

The emolument of the KMPs were paid in the form of (a) Fixed Pay (i.e., Directors' fees and fixed salaries) which is benchmarked against the market to maintain competitiveness; (b) STI (i.e., discretionary bonus, allowances, employee benefits in kind, contributions to pension schemes related to STI) which are variable in nature tied to the financial performance of the Group and individual's performance related to the organisational goals; and (c) LTIS (i.e., equity settled share options, long term incentive scheme including performance and/or restricted share units) which are designed to attract and retain key employees for the long term, while considering the prevailing market conditions within the industry. Similarly, the remuneration package of employees includes basic salary, discretionary bonuses, equity-settled share options, long term incentive scheme, contributions to pension schemes and other cash elements, where applicable. The Board maintains its discretion to make the necessary changes to the STI and LTIS awards accordingly.

SHORT-TERM INCENTIVES ("STI")

<table>
<tr><th colspan="2">Elements</th></tr>
<tr><td>Purpose</td><td>To reward the achievement of annual targets aligned to the delivery of sustainable outcomes.</td></tr>
<tr><td>Maximum opportunity</td><td>Percentage of variable pay of KMPs' total remuneration package is up to 35%.</td></tr>
<tr><td rowspan="2">Performance measures</td><td>Measurable Targets (70% component)
• Performance of the Company and Group (e.g., profit after tax and minority interest, earnings, earnings before interest, taxation, depreciation, and amortisation)
• Performance of the funds, investment vehicles and public REITs managed by the Group
• Organisational/business units' goals</td></tr>
<tr><td>Qualitative Targets (30% component)
• ESG targets/metrics (e.g., Buildings' Energy Efficiencies and Renewable Capacity Installed)
• Other attributes such as demonstration of the Group's core values (i.e., Entrepreneurial, Excellence, Inclusion, and Sustainability)</td></tr>
<tr><td>Performance assessment</td><td>The Board adopts a robust approach to determining executive remuneration outcomes, using judgement and oversight to consider a range of financial and non-financial targets.

At the start of the year, the key performance indicators for the KMPs are discussed and agreed to ensure that such indicators are specific, measurable, result-oriented and time bound.

The Remuneration Committee proposes the recommended STI award, for approval from the Board. The Remuneration Committee's recommendation is determined through a review of the Company's performance and the contributions by the Directors during the fiscal year, and in consultation with an independent remuneration consultant where required.</td></tr>
<tr><td>Delivery</td><td>Cash</td></tr>
<tr><td>Leaver provisions</td><td>On termination for cause or due to gross negligence, all STI awards are forfeited.</td></tr>
</table>

Remuneration Section

LONG-TERM INCENTIVES SCHEMES ("LTIS")

Details to the LTIS, including definition, purpose, term, expiry date, vesting periods, potential dilution impact and dilution limits are set out in paragraphs headed "KM ESOP, Tier 1 ESOP, Post-IPO Share Option Scheme and the Long Term Incentive Scheme" in the Directors' Report. There are no new options granted since listing for both KM ESOP and Tier 1 ESOP Scheme. Highlights of the Post-IPO Share Option Scheme and Long Term Incentive Scheme are as follows:

Elements	
Instrument type	Post-IPO Share Option Scheme
Purpose	The purpose of the Scheme is to provide incentives to participants to contribute to the Company and to enable the Company to recruit high calibre employees and attract or retain human resources that are valuable to the Group. The Non-executive Directors and Independent Non-executive Directors did not receive any Post-IPO Share Options.
Scheme duration:	Valid and effective for a period of 10 years commencing on 12 October 2019.
Maximum opportunity	Percentage of Post-IPO Share Option Scheme of KMPs' total remuneration package is up to 35%.
Performance measure	The Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.
Vesting period	2 to 3 years
Leaver provisions	• The Scheme incorporates provisions for both good and bad leaver scenarios. • Refer to Malus and Clawback provisions.

Elements	
Instrument type	Long Term Incentive Scheme
Purpose	The purpose of the Long Term Incentive Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. The Non-executive Directors and Independent Non-executive Directors did not receive any Long Term Incentive Scheme awards.
Scheme duration	Valid and effective for a period of 10 years commencing on the 2 June 2021. Participants may be granted the Performance Share Unit ("PSU") and/or Restricted Share Unit with performance-based and/or time-based vesting conditions.
Maximum opportunity	Percentage of Long Term Incentive Scheme of KMPs' total remuneration package is up to 30%.
Performance measure	• Applicable to PSU where performance period is measured over 2 to 3 years • Compounded annual growth rate of AUM ("CAGR AUM") • Cumulative earnings before interest, taxation, depreciation, and amortisation ("EBITDA") • Absolute Total Shareholder Returns ("ATSR") over the assessment period
Vesting period	• 3 to 5 years (for PSUs, vesting will be upon completion of performance period and contingent on achievement of performance targets)
Leaver provisions	• The Scheme incorporates provisions for both good and bad leaver scenarios. • Refer to Malus and Clawback provisions.

The Board has delegated the administration of the Post-IPO Share Option Scheme and the Long Term Incentive Scheme to the Remuneration Committee of the Board, which comprises Non-executive Directors only, all of whom are not intended to be granted the share options and awards under the Post-IPO Share Option Scheme and the Long Term Incentive Scheme. The administration of the Post-IPO Share Option Scheme and the Long Term Incentive Scheme by the Remuneration Committee, with the support of independent remuneration consultants, ensures that proper governance measures are in place when reviewing and making decisions on proposed grants of the share options and awards. This would ensure the purposes of the Post-IPO Share Option Scheme and the Long Term Incentive Scheme as described above are achieved and the share options and awards granted are aligned with shareholders' interests.

MALUS AND CLAWBACK

Malus and clawback provisions are in place to allow the Board the discretion, in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances, to reduce the number of shares underlying the awards and/or share options before they are vested or exercised; and/or to reduce or clawback any shares which have already been transferred to the participant upon vesting or exercise.

The circumstances in which the Board may consider that it is appropriate to exercise its discretion may, without limitation, include the following:

(i) a material misstatement or restatement in the audited financial accounts of any Group Company (other than as a result of a change in accounting practice);

(ii) the negligence, fraud or serious misconduct of a Grantee which results in or is reasonably likely to result in:

- (a) significant reputational damage to any Group Company (or to a relevant business unit of any Group Company);
- (b) a material adverse effect on the financial position of any Group Company (or to a relevant business unit of any Group Company); or
- (c) a material adverse effect on the business opportunities and prospects for sustained performance or profitability of any Group Company (or to a relevant business unit of any Group Company); or

(iii) the Grantee being employed or engaged by any Group Company (or the relevant unit of any Group Company) that suffers:

- (a) significant reputational damage;
- (b) a material adverse effect on its financial position; or
- (c) a material adverse effect on its business opportunities and prospects for sustained performance or profitability.

Remuneration Section

OVERVIEW OF REMUNERATION

In summary, the remuneration framework for KMPs is tabled as follows:

	Fixed Pay	STI	LTIS
Purpose	To attract and retain the executive capable of leading and delivering the strategy.	Reward the achievement of annual targets aligned to the delivery of sustainable outcomes.	Align executive outcomes with long term shareholders' return and growth.
Link to performance	Remuneration for meeting requirements of the role. Benchmarked against the market to maintain competitiveness.	Measures aligned to the following but not limited to: • Measurable Targets • Qualitative Targets	For awards that are performance based, these are measured against the following metrics such as: • CAGR AUM • EBITDA • ATSR For the other awards and options, the schemes are time-based.
Delivery	• Salaries • Employee benefits • Contributions to pension schemes	• Discretionary bonuses • Allowances • Benefits in kind • Contributions to pension schemes	• Equity-settled share options • Share awards

DETAILS OF REALISED STI AND LTIS OF KMPs

Remuneration of KMPs for FY2023:

	Directors' fees (Fixed Pay) US$'000	Bonus (STI) US$'000	Allowance and Benefits in Kind (STI) US$'000	Share-based Compensation Expense (LTIS) US$'000	Total US$'000
Mr Jinchu Shen	1,800	675	–	1,148	3,623
Mr Stuart Gibson	1,800	675	–	1,148	3,623
Other KMPs[i]	2,262	1,266	124	1,199	4,851

Notes:

(i) Other KMPs refer to the Group Chief Corporate Officer, Group Chief Financial Officer, Group Chief Investment Officer, Group Chief Operating Officer.

(ii) Refer to Equity-Linked Agreements under Directors' Report section for further details of the LTIS.

(iii) Each Co-CEO's remuneration is approximately 3.5 times the median remuneration of the KMPs and 1.7 times the next highest paid KMP.

(iv) Percentage of the component is expressed over the total annual remuneration package.

(v) The total compensation of the KMPs for the year ended 31 December 2023 is US$13.4 million which includes other retention and short-term benefits.

A breakdown of remuneration bands for KMPs are as follows:

Remuneration bands for KMPs	Number of KMPs	Fixed Pay %[iv]	STI %[iv]	LTI %[iv]
Below US$2,000,000	3	55	35	10
US$2,000,001 to US$4,000,000	3	47	19	34

The Board is of the view that all the above disclosure in this Remuneration Section and other parts of the Annual Report, including the Remuneration Framework, key drivers for STI and LTIS and realised remuneration, would provide sufficient information and transparency to shareholders on the Company's remuneration policies, the level and mix of remuneration accorded to the KMPs and the procedure for setting remuneration. These disclosures would enable shareholders to understand the relationship between the Company's performance and remuneration of the KMPs, while ensuring there is alignment of interests between the KMPs' remuneration and interests of the shareholders.

Directors' Report

The Board is pleased to present this report together with the Consolidated Financial Statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Group is APAC's leading real asset manager powered by the New Economy and one of the largest listed real estate investment managers. The Group's fully integrated fund management and development platform extends across key APAC markets, comprising Australia/New Zealand, Japan, South Korea, Greater China, Singapore, SEA and India, with a presence in Europe and the U.S.. In the course of the year ended 31 December 2023, the Group was principally engaged in (i) the development, construction and sale of completed properties; (ii) the management of the underlying assets on behalf of its capital partners via the funds and investment vehicles it managed; and (iii) the investment in completed properties, co-investment in the funds and investment vehicles and the public REITs it managed, and other investments. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 1 and 15 to the Consolidated Financial Statements.

SHARE CAPITAL

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

BUSINESS REVIEW

A fair review of the Group's business, a discussion about the principal risks and uncertainties facing the Group, and an indication of likely future development in the ESR Group's FY2023 business are detailed in the sections headed "Operations Overview" on pages 22 to 26, "Financial Review" on pages 29 to 31, "Message from Chairman" and "Message from Group Co-founders and Co-CEOs" on pages 12 to 17, and an analysis using key financial performance indicators are set out in "Financial Highlights" on pages 10 to 11 of this annual report.

An analysis using key performance indicators of the ESR Group are set out in the "Operations Review" on pages 22 to 26 of this annual report.

RESULTS

The financial results of the Group for the year ended 31 December 2023 are set out in the Consolidated Financial Statements of the Group on pages 125 to 240 of this annual report.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2023 are set out in note 25 to the Consolidated Financial Statements.

DIVIDENDS

The Board has recommended a final dividend of HK$12.5 cents (2022: HK$12.5 cents) per share for the year ended 31 December 2023 ("**Proposed Dividend**"), payable on Friday, 28 June 2024, to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 14 June 2024, being the record date for determining shareholders' entitlement to the proposed final dividend, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 31 May 2024 (the "**2024 AGM**"). Combined with the interim dividend of HK$12.5 cents per share, the full year dividend amounts to HK$25 cents per share (2022: HK$25 cents). Details are set out in note 11 to the Consolidated Financial Statements.

Directors' Report

CLOSURE OF REGISTER OF MEMBERS

2024 AGM

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2024 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 27 May 2024.

Final Dividend

Subject to the approval of the shareholders at the 2024 AGM to be held on Friday, 31 May 2024, the Proposed Dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company after the close of business on Friday, 14 June 2024 and the register of members of the Company will be closed from Wednesday, 12 June 2024 to Friday, 14 June 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for a final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 11 June 2024.

DIVIDEND POLICY

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

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

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

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

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

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

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

Directors' Report

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years is set out on pages 241 to 243 of this annual report. The summary does not form part of the audited Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is devoted to delivering a better and sustainable environment for the future of the society and the development of the Company. Details of the Group's environmental policies and performance are disclosed in the "ESG Performance" on pages 36 to 42 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has put in place practices and policies to monitor compliance with the legal and regulatory requirements applicable to its operations, such as companies, foreign investment and securities laws in the jurisdictions in which the Group operates. During the year ended 31 December 2023, the Group has complied with the relevant laws and regulations that have a significant impact on the Group.

KEY RELATIONSHIPS WITH STAKEHOLDERS

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

The Group has 2,298 employees spanning 14 locations, namely Australia, Mainland China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Thailand, United Kingdom, United States of America and Vietnam, as at 31 December 2023. The Group provided competitive remuneration package to its employees and encouraged training programs to improve their knowledge and skills, and promoted cross-market and cross-cultural cooperation to nurture their sense of belonging to the Group.

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

The Group's suppliers primarily consist of construction contractors, property management companies, interior designers and commercial real estate brokers. The Group maintained close collaboration with its suppliers in delivering exceptional quality of facilities and services to its customers. In formulating and implementing its environmental, social and governance strategies, the Group engaged the stakeholders through various communication channels and activities. Further details are available in the "ESG Performance" on pages 36 to 42 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2023, the largest customer and the five largest customers accounted for 10% and 32%, respectively of the Group's total revenue from sale of goods or rendering of services.

During the financial year ended 31 December 2023, the largest supplier and the five largest suppliers accounted for 21% and 49%, respectively of the Group's total purchases.

None of the directors, their associates nor any shareholders (which to the knowledge of the directors own more than 5% of the number of issued shares of the Company for the period from 1 January 2023 to 31 December 2023) had any interests in any of the five largest customers and suppliers of the Group.

Directors' Report

DISTRIBUTABLE RESERVES

Details of the movement in the reserves of the Company during the year ended 31 December 2023 are set out in note 44 to the Consolidated Financial Statements of this annual report.

As at 31 December 2023, the reserves available for distribution to shareholders by the Company amounted to US$5,065,403,000 (2022: US$5,639,911,000).

DIRECTORS

Directors of the Company during the year ended 31 December 2023 and up to the date of this report are as follows:

Executive Directors	Date of Appointment
Mr Jinchu SHEN (Group Co-founder and Co-CEO)	30 June 2011
Mr Stuart GIBSON (Group Co-founder and Co-CEO)	20 January 2016
Non-executive Directors	
Mr Jeffrey David PERLMAN (Chairman of the Board)	14 June 2011
Mr Charles Alexander PORTES (Group Co-founder)	20 January 2016
Mr Wei HU (retired at the AGM held on 7 June 2023)	2 February 2021
Mr Hwee Chiang LIM	20 January 2022
Dr Kwok Hung Justin CHIU	20 January 2022
Mr Rajeev Veeravalli KANNAN	20 January 2022
Ms Joanne Sarah MCNAMARA	1 January 2024
Independent Non-executive Directors	
Mr Brett Harold KRAUSE	20 May 2019 (effective on 22 October 2019)
Mr Simon James MCDONALD	20 May 2019 (effective on 22 October 2019)
Ms Jingsheng LIU	20 May 2019 (effective on 22 October 2019)
Ms Serene Siew Noi NAH	19 April 2022
Ms Wei-Lin KWEE	25 May 2022

Ms Joanne Sarah McNamara was appointed as Non-executive Director with effect from 1 January 2024. Mr Wei Hu as Non-executive Director retired at the AGM held on 7 June 2023. Saved as aforesaid, there was no other change of Directors of the Company during the year ended 31 December 2023 and up to the date of this report.

Biographical details of the Directors and senior management of the Company are set out in the sections headed "Board of Directors" and "Group Leadership Team and Business Leadership Team" respectively on pages 43 to 52 of this annual report.

Directors' Report

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

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

Pursuant to Article 112 of the Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

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

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

There was no transaction, arrangement or contract of significance entered into in the financial year ended 31 December 2023 or subsisted at any time during the financial year in which a Director or an entity connected with a Director was materially interested, either directly or indirectly.

COMPETING BUSINESS

Mr Jeffrey David Perlman, a non-executive Director is an employee of Warburg Pincus Private Equity X, L.P. (a substantial shareholder of the Company up to 27 November 2020) and its affiliates, which have other investments in the real-estate sector in APAC, the businesses of some of which may overlap with and potentially compete with the Company's businesses. In connection with his employment, he may hold directorships in such businesses.

Ms Joanne Sarah McNamara, a non-executive Director is employed by and a director of an indirectly-owned subsidiary of OMERS Administration Corporation (a substantial shareholder of the Company) and some parts of the businesses of OMERS Administration Corporation and its subsidiaries may potentially compete with the Company's businesses.

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

None of the Company's Directors has an interest in any business which is regarded as being the Company's primary competition.

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

Directors' Report

MANAGEMENT CONTRACTS

During the year ended 31 December 2023, the Company did not enter into any contract by which a person undertook the management and administration of the whole or any substantial part of any business of the Company.

EMOLUMENT POLICY

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

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

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

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

Changes in the information of directors required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of interim report 2023 of the Company are set out as follows:

Mr Jeffrey David Perlman has been elected as the Chairman of the Board of Directors for the US-ASEAN Business Council, which works to create trade and investment opportunities in the economies of the Association of Southeast Asian Nations in December 2023.

Directors' Report

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

As at 31 December 2023, the interests and short positions of Directors and Chief Executives of the Company in the shares of the Company (the "**Shares**"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") are as follows:

Interests in the Company

Name of Director	Capacity/nature of interest	Number of Shares held *(Note 1)*	Approximate percentage of shareholdings as at 31 December 2023
Mr Jinchu Shen	Interest of controlled corporations *(Note 2)*	319,658,645 (L) *(Note 3)*	
	Beneficial owner *(Notes 5 and 6)*	1,145,620 (L)	
		320,804,265 (L)	7.49%
Mr Stuart Gibson	Interest of controlled corporations *(Note 4)*	449,783,103 (L)	
		149,644,368 (S) *(Note 8)*	
	Beneficial owner *(Notes 5 and 6)*	1,286,075 (L)	
		451,069,178 (L) 149,644,368 (S)	10.54% 3.50%
Mr Charles Alexander Portes	Interest of controlled corporations *(Note 4)*	449,783,103 (L)	10.51%
		149,644,368 (S) *(Note 8)*	3.50%
Mr Hwee Chiang Lim	Interest of controlled corporations *(Note 7)*	227,859,487 (L)	
	Beneficial owner	4,402,959 (L)	
		232,262,446 (L)	5.43%
Mr Brett Harold Krause	Beneficial owner	145,000 (L)	0.00%
Ms Jingsheng Liu	Beneficial owner	69,200 (L)	0.00%
Ms Wei-Lin Kwee	Beneficial owner	12,000 (L)	0.00%

Directors' Report

Notes:
1. The Letters "L" and "S" denote the long position and the short position in the Shares respectively.
2. Laurels Capital Investments Limited directly holds the Shares of the Company and is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr Jinchu Shen). Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.
3. Inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP.
4. Redwood Investment Company, Ltd. directly holds 448,933,103 Shares and is wholly-owned by Redwood Investor (Cayman) Ltd., Redwood Investor (Cayman) Ltd. is wholly owned by Redwood Investor II (Cayman) Ltd.. The voting rights of Redwood Investor II (Cayman) Ltd. are controlled as to 45.87% and 45.87% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor II (Cayman) Ltd. and Redwood Investor (Cayman) Ltd. will be deemed to be interested in the Shares held by Redwood Investment Company, Ltd.. Besides, as at 31 December 2023, 850,000 Shares were held by Redwood Consulting (Cayman) Ltd. ("**Redwood Consulting**") as beneficial owner. Redwood Consulting is owned as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in the Shares held by Redwood Consulting (Cayman) Ltd..
5. This includes 192,000 options to subscribe for Shares granted under the Post-IPO Share Option Scheme to each of Mr Jinchu Shen and Mr Stuart Gibson. The options granted to Mr Jinchu Shen are physically settled unlisted derivatives, and the options granted to Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled.
6. For each of Mr Jinchu Shen and Mr Stuart Gibson, as of 31 December 2023, 130,600 Shares underlying the PSUs were vested, 587,700 Shares were lapsed, with the remaining 261,200 Shares to be vested in 2024 and 2025. On 20 July 2023, each of Mr Jinchu Shen and Mr Stuart Gibson was granted 280,910 Shares underlying the PSUs (will vest in three equal tranches in the second quarter of 2025, 2026 and 2027 respectively, and a payout multiplier (0 to 150%) tied to the achievement level of the pre-determined targets will be applied. The maximum number of Shares underlying the PSUs based on 150% vesting is 421,365.); and 280,910 Shares underlying the RSUs (will vest in four equal tranches on the first, second, third and fourth anniversaries of the grant date, subject to fulfilment of relevant vesting conditions).
7. JL Investment Group Limited, JL Investment Group II Limited and JL Electron (BVI) Limited directly holds 101,984,984 Shares, 90,984,985 Shares and 34,889,518 Shares respectively, and all of 3 companies are 100% controlled by Mr Hwee Chiang Lim.
8. The short position represents that Redwood Investor II (Cayman) Ltd. became the holder of, wrote or issued equity derivatives which are under an obligation to pay another person an amount if the price of the underlying shares is above a certain level.

Save as disclosed above, as at 31 December 2023, none of the Directors and Chief Executives of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the information disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions In Shares, Underlying Shares and Debentures" above, at no time during the year ended 31 December 2023 and up to the date of this report was the Company or any of its subsidiaries, holding company or a subsidiary of the Company's holding company a party to any arrangement whose objects were, or one of whose objects was, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors of the Company (including their spouses or children under the age of 18) had any interest in or was granted any rights to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Directors' Report

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

As at 31 December 2023, so far as the Directors and Chief Executives of the Company are aware, other than the interests of the Directors and chief executives of the Company as disclosed in the section titled "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", the following persons had, or were deemed to have, interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held *(Note 1)*	Approximate percentage of shareholdings
Warburg Pincus & Co.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
Warburg Pincus China GP, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
Warburg Pincus China, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
Warburg Pincus Partners GP LLC	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
Warburg Pincus Partners II, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
Warburg Pincus Private Equity XII, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
Warburg Pincus XII, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
WP Global LLC	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
Alexandrite Athena GroupCo Ltd	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.82%
Alexandrite Gem Holdings Limited	Beneficial owner *(Note 2)*	503,733,253 (L)	11.77%
Alexandrite Gem TopCo Ltd	Interest of controlled corporations *(Note 2)*	503,733,253 (L)	11.77%
OMERS Administration Corporation	Beneficial owner	456,221,943 (L)	10.66%
Mr Stuart Gibson	Interest of controlled corporations and beneficial owner *(Notes 3, 5, 6, 8)*	451,069,178 (L) 149,644,368 (S)	10.54% 3.50%
Mr Charles Alexander Portes	Interest of controlled corporations *(Note 3, 8)*	449,783,103 (L) 149,644,368 (S)	10.51% 3.50%
Redwood Investor II (Cayman) Ltd.	Interest of controlled corporations *(Note 3)*	448,933,103 (L) 149,644,368 (S)	10.49% 3.50%
Redwood Investor (Cayman) Limited	Interest of controlled corporations *(Note 3)*	448,933,103 (L)	10.49%
Redwood Investment Company, Ltd.	Beneficial owner *(Note 3)*	448,933,103(L)	10.49%
Mr Jinchu Shen	Interest of controlled corporations and beneficial owner *(Notes 4, 5, 6)*	320,804,265 (L)	7.49%
Rosy Fortune Limited	Founder of a discretionary trust *(Note 4)*	319,658,645 (L)	7.47%
Tricor Equity Trustee Limited	Trustee *(Note 4)*	319,658,645 (L)	7.47%
Laurels Capital Investments Limited	Beneficial owner *(Note 4)*	319,658,645 (L)	7.47%
Mr Hwee Chiang Lim	Interest of controlled corporations and beneficial owner *(Note 7)*	232,262,446 (L)	5.43%

Directors' Report

Notes:
1. The Letters "L" and "S" denote the long position and the short position in the Shares respectively.
2. Alexandrite Gem Holdings Limited ("**Gem Holdings**") and Athena Logistics Holdings Ltd. ("**Logistics Holdings**") directly holds 503,733,253 Shares and 87,706,907 Shares respectively.
   Gem Holdings and Logistics Holdings are wholly owned subsidiary of Alexandrite Gem TopCo Ltd ("**Gem TopCo**") and Athena Logistics TopCo Ltd. ("**Logistics TopCo**") respectively. Both Gem TopCo and Logistics TopCo are wholly owned subsidiary of Alexandrite Athena GroupCo Ltd. ("**Alexandrite Athena GroupCo**"). Alexandrite Athena GroupCo is owned as to 41.46% and 35.19% by Warburg Pincus China, L.P. ("**WP China**") and Warburg Pincus Private Equity XII, L.P. ("**WPP Equity**") respectively. WP China and WPP Equity are wholly owned subsidiary of Warburg Pincus China GP, L.P. ("**WP China GP**") and Warburg Pincus XII, L.P. ("**WP XII**") respectively. Both WP China GP and WP XII are wholly owned by WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P. ("**WPP II**"). The general partner of WPP II is Warburg Pincus Partners GP LLC ("**WPP GP**"), the managing member of which is Warburg Pincus & Co. Accordingly, each of Gem TopCo, Logistics TopCo, Alexandrite Athena GroupCo, WP China, WPP Equity, WP China GP, WP XII, WP Global LLC, WPP II, WPP GP and Warburg Pincus & Co. are deemed to be interested in the underlying Shares held by Gem Holdings and Logistics Holdings.
3. Redwood Investment Company, Ltd. directly holds 448,933,103 Shares and is wholly-owned by Redwood Investor (Cayman) Ltd., Redwood Investor (Cayman) Ltd. is wholly owned by Redwood Investor II (Cayman) Ltd.. The voting rights of Redwood Investor II (Cayman) Ltd. are controlled as to 45.87% and 45.87% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor II (Cayman) Ltd. and Redwood Investor (Cayman) Ltd., will be deemed to be interested in the Shares held by Redwood Investment Company, Ltd.. Besides, as at 31 December 2023, 850,000 Shares were held by Redwood Consulting (Cayman) Ltd. ("**Redwood Consulting**") as beneficial owner. Redwood Consulting is owned as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in the Shares held by Redwood Consulting (Cayman) Ltd..
4. Laurels Capital Investments Limited is wholly owned by The Shen Trust. The settlor of The Shen Trust is Rosy Fortune Limited, the sole shareholder of which is Mr Jinchu Shen. The trustee of The Shen Trust is Tricor Equity Trustee Limited. Rosy Fortune Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as settlor of The Shen Trust, Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust and Tricor Equity Trustee Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as trustee of The Shen Trust. As at 31 December 2023, 319,658,645 Shares of the total issued shares of the Company (inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP) were held by Laurels Capital Investments Limited as the beneficial owner.
5. The Shares held as beneficial owner included the 192,000 options to subscribe for Shares which are granted under the Post-IPO Share Option Scheme to each of Mr Jinchu Shen and Mr Stuart Gibson. The options granted to Mr Jinchu Shen are physically settled unlisted derivatives, and the options granted to Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled.
6. For each of Mr Jinchu Shen and Mr Stuart Gibson, as of 31 December 2023, 130,600 Shares underlying the PSUs were vested, 587,700 Shares were lapsed, with the remaining 261,200 Shares to be vested in 2024 and 2025. On 20 July 2023, each of Mr Jinchu Shen and Mr Stuart Gibson was granted 280,910 Shares underlying the PSUs (will vest in three equal tranches in the second quarter of 2025, 2026 and 2027 respectively, and a payout multiplier (0 to 150%) tied to the achievement level of the pre-determined targets will be applied. The maximum number of Shares underlying the PSUs based on 150% vesting is 421,365.); and 280,910 Shares underlying the RSUs (will vest in four equal tranches on the first, second, third and fourth anniversaries of the grant date, subject to fulfilment of relevant vesting conditions).
7. JL Investment Group Limited, JL Investment Group II Limited and JL Electron (BVI) Limited directly holds 101,984,984 Shares, 90,984,985 Shares and 34,889,518 Shares respectively, and all of three companies are 100% controlled by Mr Hwee Chiang Lim.
8. The short position represents that Redwood Investor II (Cayman) Ltd. became the holder of, wrote or issued equity derivatives under which are under an obligation to pay another person an amount if the price of the underlying shares is above a certain level.

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any persons (who were not Directors or Chief Executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register of the Company referred to therein.

EQUITY-LINKED AGREEMENTS

Save as the information disclosed in paragraphs headed "KM ESOP, Tier 1 ESOP and Post-IPO Share Option Scheme and the Long Term Incentive Scheme" in this report, the Company did not enter into any equity-linked agreement for the year ended 31 December 2023, nor was there any equity-linked agreement entered into by the Company subsisting as at 31 December 2023.

Directors' Report

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

1. KM ESOP

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

(i) **Purpose**

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

(ii) **Who may join**

The Board may, at its discretion, grant an option to any director or employee of the Group, or any director or employee of any company which is under the control of the Company (an "**Eligible Person**"). No amount is payable on the grant of option(s).

(iii) **Classes of shares that may be issued**

Under the KM ESOP, ordinary shares may be issued. For the year ended 31 December 2023, the Company has issued 1,967,705 ordinary shares under the KM ESOP.

(iv) **Maximum number of shares**

As at the latest practicable date prior to the issue of this annual report, the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the KM ESOP at any time shall not exceed 13,408,424 Shares (approximately 0.32% of number of the issued share of the Company as at the date of this report).

(v) **Maximum entitlement of each participant**

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

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

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

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

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

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

Directors' Report

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

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

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

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

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

(i) the participant being declared bankrupt;

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

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

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

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

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

Directors' Report

(viii) Exercise of option

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

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

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

(ix) Basis of determining the exercise price

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

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

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

Directors' Report

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

Exercise price (USD)	Grant date	Exercise Period	Vesting Period	Number of options *(Note 1)* Held at 1 January 2023	Exercised during the year *(Note 2)*	Cancelled during the year	Held at 31 December 2023
Management and employees (other than Directors) *(Note 3)*							
0.4722	December 2017	10 years from the grant date	Varies from 3 to 4 years and all vested	100,020	–	–	100,020
0.9445	December 2017	10 years from the grant date	4 years	4,172,468	(338,283)	–	3,834,185
0.9445	January 2018	10 years from the grant date	4 years	9,485,138	(4,201,391)	–	5,283,747
1.1453	August 2018	10 years from the grant date	4 years	873,103	–	–	873,103
1.3655	December 2017	10 years from the grant date	4 years	948,494	–	–	948,494
1.5172	December 2017	10 years from the grant date	4 years	1,901,976	(111,228)	(65,911)	1,724,837
0.9445	December 2017	10 years from the grant date	Varies from 3 to 4 years and all vested	108,519	–	–	108,519
1.5172	December 2017	10 years from the grant date	4 years	535,519	–	–	535,519
				18,125,237	(4,650,902)	(65,911)	13,408,424

Notes:
1 No share options were granted or lapsed during the year ended 31 December 2023.
2 The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$13.16.
3 No share options under the KM ESOP were granted to the Directors or Co-CEOs.

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

As the KM ESOP was adopted prior to the Company's listing and its terms are not subject to the provisions of Chapter 17 of the Listing Rules, pursuant to Rule 17.02(1)(b) of the Listing Rules, no options or awards may be granted under KM ESOP after the Company's listing.

During the year ended 31 December 2023, since all options holders opted for net share settlement method in lieu of paying in full the exercise price for the number of shares over which the option was exercised, only a net total of 1,967,705 ordinary shares were issued by the Company for the year ended 31 December 2023 in satisfaction of the 4,650,902 options exercised. The shares were issued at nominal value of US$0.001.

2. Tier 1 ESOP

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

(i) **Purpose**

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

Directors' Report

(ii) **Selected participants**
WP OCIM One LLC *(Note 1)*, Laurels Capital Investments Limited ("**Laurels**"), and Redwood Consulting (Cayman) Limited ("**Redwood Consulting**"). No amount is payable on the grant of option(s).

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

(iv) **Term of the Tier 1 ESOP**
The Tier 1 ESOP will not be terminated while options are outstanding.

(v) **Classes of shares that may be issued under the Tier 1 ESOP**
Under the Tier 1 ESOP, ordinary shares may be issued. For the year ended 31 December 2023, no ordinary shares were issued.

(vi) **Maximum number of shares and maximum entitlement of each participant**
The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Tier 1 ESOP at any time shall not exceed 7,799,856 Shares as at the date of this report (approximately 0.19% of the issued share capital of the Company as at the date of this report). The scheme does not set a limit of maximum entitlement of each participant under the scheme.

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

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

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

(x) **Vesting events**
If the following events occur, the options will vest in full:

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

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

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

Note:
1. By reference to the announcements of the Company dated 24 November 2020 and 30 December 2020, Laurels Capital Investments Limited entered into a sale and purchase agreement dated 23 December 2020 in respect of an acquisition of 30,000,000 shares of the Company and 3,899,928 options in respect of shares of the Company, both from WP OCIM One LLC.

Directors' Report

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

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

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

(xi) Lapse of an option

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

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

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

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

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

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

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

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

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

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

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

(xii) Rights on death or ill-health

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

Directors' Report

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

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

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

(xvi) **Outstanding options granted under the Tier 1 ESOP**
As at 31 December 2023, options to subscribe for an aggregate of 7,799,856 Shares, representing approximately 0.19% of the issued shares of the Company, are outstanding. Details of the holders are set out below:

			Number of options			
Name of Participant	Exercise price	Exercise period	held at 1 January 2023	Exercised during the year	Cancelled during the year	Held at 31 December 2023 *(Note 3)*
Executive Director						
Mr Jinchu Shen *(Notes 1, 2)*	US$0.46	10 years from 20 January 2016	7,799,856	–	–	7,799,856

Notes:
1. The options are granted to Laurels Capital Investments Limited. Laurels Capital Investments Limited is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr Jinchu Shen). Mr Jinchu Shen has a deemed interest under the SFO in the options held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.
2. The options were granted on 20 April 2017 at exercise price of US$0.46. The vesting period of above outstanding options is vested daily on a straight line basis to 20 January 2021.
3. No share options were granted, lapsed or were cancelled for the year ended 31 December 2023.

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

As the Tier 1 ESOP was adopted prior to the Company's listing and its terms are not subject to the provisions of Chapter 17 of the Listing Rules, pursuant to Rule 17.02(1)(b) of the Listing Rules, no options or awards may be granted under Tier 1 ESOP after the Company's listing.

Directors' Report

3. Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the resolutions of the Shareholders passed at an extraordinary general meeting held on 12 October 2019.

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

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

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

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

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

Ordinary shares

(iv) Maximum number of shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 303,658,464, being no more than 10% of the Shares in issue on completion of the Global Offering.

On 7 June 2023, the shareholders of the Company has approved at the 2023 annual general meeting (the "**2023 AGM**") to amend certain terms of the Post-IPO Share Option Scheme, among of those, the maximum aggregate number of Shares which may be allotted and issued under the Scheme when aggregated with the maximum number of Shares which may be allotted and issued or transferred under Other Schemes must not exceed 5 per cent. of the total number of Shares in issue as at (a) the date of 2023 AGM, being 219,688,481 Shares; or (b) the New Approval Date (the "**Scheme Mandate Limit**"). The maximum aggregate number of Shares which may be allotted and issued under this Scheme to service providers when aggregated with the maximum number of Shares which may be allotted and issued or transferred to Service Providers under Other Schemes must not exceed 1 per cent. of the total number of Shares in issue as at (a) the date of 2023 AGM, being 43,937,696 Shares; or (b) the New Approval Date (the "**Service Provider Sublimit**").

As at the latest practicable date prior to the issue of this annual report, the total number of shares available for issue under the Post-IPO Share Option Scheme is 18,228,200, representing approximately 0.43% of the issued share capital of the Company as at the latest practicable date prior to the issue of this annual report.

(v) Maximum entitlement of a grantee

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

Directors' Report

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

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

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

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

(c) the nominal value of the Shares.

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

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

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

The details of the vesting period of the options granted under the Post-IPO Share Option Scheme are set out in the (xi) Exercise price, grant date and vesting schedule on page 100 of this annual report.

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

(x) **Duration**
The Post-IPO Share Option Scheme shall be valid and effective for the period of 10 years commencing on the date of adoption of the Post-IPO Share Option Scheme. The remaining life of the Post-IPO Share Option Scheme is about 5 years and 7 months as at the date of this report.

Directors' Report

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

Date of grant	Exercise price (HKD)	Closing price immediately preceding the date of grant (HKD)	Vesting period	Exercise Period	Number of options: Held at 1 January 2023	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Held at 31 December 2023
Directors										
8 June 2022	22.78	22.50	Vest in three equal tranches on each of 8 June 2022, 8 June 2023 and 8 June 2024	8 June 2022 to 7 June 2032						
Mr Jinchu Shen					192,000	–	–	–	–	192,000
Mr Stuart Gibson					192,000	–	–	–	–	192,000
			Subtotal		384,000	–	–	–	–	384,000
Management (other than Directors) and employees										
28 December 2020	27.30	27.10	Vest in three equal tranches on each of 28 December 2021, 28 December 2022 and 28 December 2023	28 December 2021 to 27 December 2030	6,650,000	–	–	–	–	6,650,000
23 August 2021	24.50	23.80	Vest in three equal tranches on each of 23 August 2021, 23 August 2022 and 23 August 2023	23 August 2021 to 22 August 2031	11,432,200	–	–	(79,349)	(158,651)	11,194,200
			Subtotal		18,082,200	–	–	(79,349)	(158,651)	17,844,200
			Grand total		18,466,200	–	–	(79,349)	(158,651)	18,228,200

During the year ended 31 December 2023, no options were granted.

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

4. Long Term Incentive Scheme

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

(i) **Purpose**

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

(ii) **Who may join**

Those eligible to participate in the Long Term Incentive Scheme include employees, executive Directors and non-executive Directors (including independent non-executive Directors), agents or consultants of the Company or its Subsidiary who the Board considers, in its absolute discretion, have contributed or will contribute to the Group ("**Participants**"). Participants may receive, at the absolute discretion of the Board, Awards under the Long Term Incentive Scheme. Each Participant who accepts the offer of the grant of an award ("**Award**", an award of RSUs and/or PSUs to be granted to a Participant under the Long Term Incentive Scheme (where a performance share unit ("**PSU**"), being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter; a restricted share unit ("**RSU**"), being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter) under the Long Term Incentive Scheme is a "Grantee".

Directors' Report

(iii) Administration

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

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

(iv) Term

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

(v) Grant of awards

The Board may grant an Award to a Participant by a notice ("**Grant Letter**") in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Award on the terms and conditions on which it is to be granted and to be bound by the terms of the Long Term Incentive Scheme. The Grant Letter shall specify, among other things, any vesting conditions, the relevant vesting schedule and applicable vesting date(s). The Company may require the grantee to remit HK$1.00 (or such equivalent in another currency as the Board may specify) to the Company as consideration for the grant.

(vi) Timing restrictions

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

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

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

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

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

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

Directors' Report

(vii) **Grant to connected persons**

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

(viii) **Satisfaction of awards**

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

The Board may in its absolute discretion, determine whether the whole or any part of the Award granted or to be granted under the Long Term Incentive Scheme shall be satisfied upon vesting by the allotment and issue or transfer of Shares or by a cash payment ("**Cash Payment**", for the purpose of the Long Term Incentive Scheme, means a payment in cash made by the Company to Participant upon the vesting of an Award in lieu of Shares, based on the formula of A x B, where: A = the number of Shares in respect of which the Award has vested, and B = the closing price of a Share as stated in the daily quotation sheets issued by the Stock Exchange of a Share on the relevant Vesting Date.) Any such determination may be made on a case-by-case basis or generally at any time on or around the grant date or relevant Vesting Date of the Award in question, and the Board shall notify the relevant Grantees of such determination.

Awards shall be satisfied as soon as practicable on or after the relevant Vesting Date and in any event no later than 30 days following the relevant Vesting Date, at the Company's absolute discretion by:

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

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

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

(ix) **Rights attached to the shares**

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

Directors' Report

(x) **Corporate events**

x.i. In the event of:

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

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

(c) a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Ordinance ((Chapter 622 of the Laws of Hong Kong) as amended from time to time) or the Companies Act of Cayman Islands (as amended from time to time) (the "**Companies Act**"), the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph x) on the same day as it dispatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon any part of an Award which has not yet vested may be accelerated in whole or in part at any time prior to the day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement. Upon such compromise or arrangement becoming effective, all Awards shall, to the extent that they have not accelerated, lapse immediately. The Board shall endeavour to procure that the Shares issued as a result of the vesting of Awards (or any part thereof) under this paragraph x.i(c) shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees shall with effect from the date of the making of the order by the court be restored in full and all prior acceleration and lapse of the Awards shall be reversed and the Awards shall continue to vest in accordance with the original vesting schedule (but subject to the other terms of the Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid acceleration, lapse and reversal.

Directors' Report

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

(xi) **Maximum number of shares**

The maximum number of shares in respect of which Awards may be granted under the Long Term Incentive Scheme (the "**Maximum Number**") when aggregated with the maximum number of Shares in respect of any share options to be granted under the Post-IPO Share Option Scheme is that number which is equal to 10% of the total number of Shares in issue on the Adoption Date (i.e. up to total of 306,004,506 shares).

On 7 June 2023, the shareholders of the Company has approved at the 2023 annual general meeting (the "**2023 AGM**") to amend certain terms of the Long Term Incentive Scheme, among of those, the maximum aggregate number of Shares which may be allotted and issued or transferred under this Scheme when aggregated with the maximum number of Shares which may be allotted and issued or transferred under Other Schemes must not exceed 5 per cent. of the total number of Shares in issue as at (a) the 2023 AGM, being 219,688,481 Shares; or (b) the New Approval Date (the "**Scheme Mandate Limit**"). The maximum aggregate number of Shares which may be allotted and issued or transferred under this Scheme to Service Providers when aggregated with the maximum number of Shares which may be allotted and issued or transferred under Other Schemes to Service Providers must not exceed 1 per cent. of the total number of Shares in issue as at (a) the 2023 AGM, being 43,937,696 Shares; or (b) the New Approval Date (the "**Service Provider Sublimit**").

As at the date of this report, the total number of shares available for issue under the Long Term Incentive Scheme is 816,760, representing approximately 0.02% of the issued share capital of the Company as at the date of this report.

(xii) **Maximum entitlement of a grantee**

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon vesting of the awards granted and to be granted under the Long Term Incentive Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed the Individual Limit (i.e. 1% of the total number of Shares in issue).

(xiii) **Renewal of maximum number of shares**

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

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

Directors' Report

(xiv) Transfer restrictions

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

(xv) Lapse of awards

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

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

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

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

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

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

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

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

Directors' Report

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

(xvi) Adjustments

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

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

(xvii) Alteration

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

(xviii) Cancellation

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

(xix) Termination

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

Directors' Report

Grant date	Connected/non-connected	Name/Position	Closing price immediately preceding the date of grant (HKD)	Vesting Period	Number of shares held at 1 January 2023	Grant during the year	vested during the year (Note (5))	cancelled during the year	Lapsed during the Year	Held at 31 December 2023
PSUs[Notes (4)(6)]		Directors								
8 Jun 2022	Connected Grantee	Mr Jinchu Shen	22.50	Note (2)	979,500	–	(130,600)	–	(587,700)	261,200
20 Jul 2023			13.06	Note (7)	–	421,365	–	–	–	421,365
					979,500	421,365	(130,600)	–	(587,700)	682,565
8 Jun 2022	Connected Grantee	Mr Stuart Gibson	22.50	Note (2)	979,500	–	(130,600)	–	(587,700)	261,200
20 Jul 2023			13.06	Note (7)	–	421,365	–	–	–	421,365
					979,500	421,365	(130,600)	–	(587,700)	682,565
					1,959,000	842,730	(261,200)	–	(1,175,400)	1,365,130
23 Feb 2022	Connected Grantee	Certain directors of subsidiaries of the Company	25.00	Note (2)	839,400	–	(95,880)	(120,300)	(431,460)	191,760
23 Feb 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	25.00	Note (2)	3,195,600	–	(414,980)	(192,750)	(1,771,110)	816,760
					4,035,000	–	(510,860)	(313,050)	(2,202,570)	1,008,520
25 May 2023	Connected Grantee	Certain directors of subsidiaries of the Company	11.86	Note (7)	–	971,460	–	–	–	971,460
25 May 2023	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	11.86	Note (7)	–	2,323,785	–	(45,840)	–	2,277,945
					–	3,295,245	–	(45,840)	–	3,249,405
					5,994,000	4,137,975	(772,060)	(358,890)	(3,377,970)	5,623,055
RSUs[Notes (4)(6)]		Directors								
20 Jul 2023	Connected Grantee	Mr Jinchu Shen	13.06	Note (10)	–	280,910	–	–	–	280,910
					–	280,910	–	–	–	280,910
20 Jul 2023	Connected Grantee	Mr Stuart Gibson	13.06	Note (10)	–	280,910	–	–	–	280,910
					–	280,910	–	–	–	280,910
					–	561,820	–	–	–	561,820
23 Feb 2022	Connected Grantee	Certain directors of subsidiaries of the Company	25.00	Note (1)	128,933	–	(128,933)	–	–	–
23 Feb 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	25.00	Note (1)	103,133	–	(103,133)	–	–	–
					232,066	–	(232,066)	–	–	–
8 Jun 2022	Connected Grantee	Certain directors of subsidiaries of the Company	22.50	Note (3)	1,909,667	–	(542,334)	–	–	1,367,333
8 Jun 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	22.50	Note (3)	5,586,600	–	(1,438,982)	(406,250)	–	3,741,368
					7,496,267	–	(1,981,316)	(406,250)	–	5,108,701
20 Apr 2023	Non Connected grantee	Certain directors of subsidiaries of the Company	12.78	Notes (8)(11)	–	526,400	(210,560)	–	–	315,840
					–	526,400	(210,560)	–	–	315,840
25 May 2023	Connected Grantee	Certain directors of subsidiaries of the Company	11.86	Note (9)	–	747,640	(25,000)	–	–	722,640
25 May 2023	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	11.86	Note (9)	–	2,287,990	(181,900)	(30,560)	–	2,075,530
					–	3,035,630	(206,900)	(30,560)	–	2,798,170
					7,728,333	4,123,850	(2,630,842)	(436,810)	–	8,784,531
					13,722,333	8,261,825	(3,402,902)	(795,700)	(3,377,970)	14,407,586

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

Directors' Report

Notes:

1 Following the fulfilment of the vesting conditions, the RSUs have fully vested between the Date of Grant to 1 April 2023.

2 The PSUs granted will vest in favour of the relevant participants in three equal tranches over a period of three years commencing from 1 April 2023 based on fulfilment of relevant performance conditions over a two year period commencing from 1 January 2021 to 31 December 2022 (both dates inclusive). As disclosed in the Company's annual general meeting circular dated 29 April 2022, the Company would seek to motivate and reward eligible participants in the Long Term Incentive Scheme for optimising their performance in areas including, but not limited to, total shareholder returns, total assets under management and making contributions to the Group.

3 In respect of the aggregate 5,108,701 RSUs granted to the relevant participants held at 31 December 2023, subject to the vesting conditions being met:
(i) A final one-third tranche of 129,833 of the RSUs granted to Connected Grantees and 103,868 of the RSUs granted to Non-connected Grantees respectively will vest on 8 June 2024; and
(ii) 1,237,500 of the RSUs granted to Connected Grantees and 3,637,500 of the RSUs granted to Non-connected Grantees will vest in three equal tranches on 8 June of each of 2024, 2025 and 2026.

4 Please refer to note 42 to the Consolidated Financial Statements for the fair value of awards at the date of grant and the accounting standard and policy adopted.

5 The weighted average closing price of the shares immediately before the dates on which the awards vested is HK$13.22 per share.

6 The purchase price for the shares underlying the PSUs/RSUs is nil.

7 The PSUs granted will vest in favour of the relevant Participants in three equal tranches over a period of three years commencing from 1 April 2025 based on fulfillment of relevant performance conditions over a two-year period commencing from 1 January 2023 to 31 December 2024 (both dates inclusive).

8 The RSUs (non-connected grantees) will vest in five equal tranches on the Date of Grant, and 31 December each of 2023, 2024, 2025 and 2026.

9 In respect of the aggregate of 3,035,630 RSUs granted to the relevant participants during the year, subject to the vesting conditions being met:
(i) 647,640 of the RSUs granted to Connected Grantees and 1,699,190 of the RSUs granted to Non-connected Grantees will vest in four equal tranches on 25 May of each of 2024, 2025, 2026 and 2027.
(ii) 100,000 of the RSUs granted to Connected Grantees and 450,000 of the RSUs granted to Non-connected Grantees will vest in four equal tranches on 8 June of each of 2023, 2024, 2025 and 2026; and
(iii) 138,800 of the RSUs granted to Non-connected Grantees will vest in two equal tranches on 1 October each of 2023 and 2024.

10 The 561,820 RSUs granted to the Connected Grantees will vest in four equal tranches on 20 July of each of 2024, 2025, 2026 and 2027.

11 105,280 RSUs vested on 31 December 2023 were transferred to relevant grantees in January 2024 due to administrative arrangements.

There were no awards granted to service provider or any participants in excess of the 1% individual limit during the year ended 31 December 2023.

As at 1 January 2023 and 31 December 2023, the number of options and awards available for grant under the Scheme Mandate Limit is 273,078,906* and 218,283,931, respectively, and the number of options and awards available for grant under the Service Provider Sublimit is nil and 43,937,696, respectively.

* The Company wishes to clarify that the number of options and awards available for grant under the Scheme Mandate Limit as at January 1, 2023 as disclosed in the Company's interim report for the six months ended 30 June 2023 ("**2023 Interim Report**") should be 273,078,906 instead of 263,109,806. Save as disclosed above, all information in the 2023 Interim Report remain unchanged.

The number of Shares that may be issued in respect of options and awards granted under Post-IPO Share Option Scheme and Long Term Incentive Scheme of the Company divided by the weighted average number of ordinary Shares in issue for the year ended 31 December 2023 is 0.45%.

For the options and awards ("**Grants**") granted during the year ended 31 December 2023 with less than 12 months of vesting period, the Remuneration Committee considered it appropriate to award the Grants with vesting period of less than 12 months as those Grants would have been granted earlier but for administrative or compliance reasons, those were made in a subsequent batch with a view to putting the relevant grantees in the same position as they would have been in had the Grants been made earlier.

Directors' Report

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Shares Repurchase

The Directors of the Company have been granted the general mandate (the "**Repurchase Mandate**") pursuant to resolutions of the shareholders of the Company (the "**Shareholders**") passed on 1 June 2022 and 7 June 2023, to repurchase shares of the Company (the "**Shares**") in the open market from time to time. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued Shares as at date of passing such resolution.

During the financial year ended 31 December 2023, the Company had repurchased, under the Repurchase Mandate, a total of 151,674,000 Shares on market ranging from HK$9.20 to HK$17.68 per share, representing approximately 3.54% of the issued Shares as at 31 December 2023 for a consideration of approximately US$217.2 million (approximately HK$1,698.5 million, excluding transaction cost). At the date of this annual report, the repurchased Shares have been cancelled. Details of Shares repurchased are as follows:

		Purchase price per Share		
Month	Number of Shares repurchased	Highest HK$	Lowest HK$	Aggregate consideration HK$ million
January 2023	7,614,400	17.68	15.44	127.2
February 2023	6,450,000	16.58	14.02	97.5
March 2023	2,147,000	14.14	13.14	29.5
April 2023	7,320,000	14.24	11.92	95.0
May 2023	13,753,800	12.64	10.94	161.7
June 2023	1,539,200	14.10	11.28	20.1
July 2023	2,142,800	13.14	12.44	27.5
August 2023	1,925,600	12.24	11.52	22.9
September 2023	17,100,000	12.04	10.38	187.1
October 2023	21,602,800	11.36	9.66	227.4
November 2023	28,971,200	10.46	9.77	291.4
December 2023	41,107,200	10.86	9.20	411.2
	151,674,000			1,698.5

Directors' Report

Details of cancellation of the repurchased Shares are as follows:

Month	Number of shares cancelled
17 January 2023	1,734,000
6 March 2023	12,330,400
9 May 2023	9,467,000
31 May 2023	10,103,800
11 July 2023	5,189,200
28 July 2023	2,142,800
26 September 2023	6,725,600
12 October 2023	14,650,000
13 November 2023	19,252,800
18 December 2023	28,971,200
27 December 2023	28,284,800
10 January 2024	12,822,400
Total	151,674,000

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

The issue of Japanese Yen Fixed Rate Notes under the US$2,000,000,000 Multicurrency Debt Issuance Programme

On 30 June 2023, the Company entered into a Subscription Agreement with SMBC Nikko Capital Markets Limited and MUFG Securities Asia Limited Singapore Branch in connection with the issue of (i) JPY20,000,000,000 1.163% fixed rate notes due 2026 (the "**2026 Notes**"); and (ii) JPY10,000,000,000 1.682% fixed rate notes due 2030 (the "**2030 Notes**"), each under the US$2,000,000,000 Multicurrency Debt Issuance Programme of the Company (collectively "Notes" and "**Notes Issue**"). The offer price of the Notes will be 100.00% of the principal amount of the Notes. The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Company and ranked pari passu, without any preference or priority amongst themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company.

All conditions under the Subscription Agreement were fulfilled and the Notes Issue was closed on 10 July 2023. The Notes are listed on Singapore Exchange Securities Trading Limited on 11 July 2023.

The gross proceeds of the Notes Issue was JPY30,000,000,000. The gross proceeds arising from the issue of the Notes, after deduction of fees, commissions and expenses, was used for the refinancing of existing borrowings, financing of potential acquisition and investment opportunities which the Group may pursue in the future as well as working capital requirements and the general corporate purposes of the Group.

Please refer to the Company's announcements dated 23 June 2023, 30 June 2023 and 10 July 2023 for details.

Shares Purchased By Trustee Under The Long Term Incentive Scheme

During the financial year ended 31 December 2023, the trustee of the LTIS of the Company adopted on 2 June 2021, pursuant to the rules and trust deed of the LTIS, purchased on the Stock Exchange a total of 3,559,146 Shares of the Company at a total consideration of approximately US$5.6 million (approximately HK$43.9 million, excluding transaction costs).

Saved as disclosed above, during the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Directors' Report

ORDINARY SHARES ISSUED

During the year ended 31 December 2023, a total of 1,967,705 ordinary shares were issued by the Company in satisfaction of the 4,650,902 options exercised under KM ESOP, since all options holders opted for net share settlement method in lieu of paying in full the exercise price for the number of shares over which the option was exercised. The shares issued at nominal value of US$0.001 each was credited as fully paid.

During the year ended 31 December 2023, a total of 518,113 ordinary shares were issued by the Company in satisfaction of 3,297,622 shares vested under the Long Term Incentive Scheme. The shares issued at nominal value of US$0.001 each was credited as fully paid.

During the year ended 31 December 2023, a total of 196,150 ordinary shares were issued by the Company pursuant to the bond conversion of the aggregate principal amount of US$800,000. The shares issued at nominal value of US$0.001 each was credited as fully paid.

Save as disclosed above in this annual report, during the year ended 31 December 2023, there was no other issue of equity securities (including securities convertible into equity securities) of the Company.

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

REDEMPTION AND CANCELLATION OF CONVERTIBLE BONDS ISSUED

In September 2020, the Company completed the issuance of US$350 million 1.50 per cent convertible bonds due 2025 (the "**Bonds**"). The Bonds were listed and traded on the Singapore Exchange Securities Trading Limited.

The Company announced on 15 September 2023 that, due to the declaration of interim dividend and final dividend for 2022 and interim dividend for 2023 respectively, accordingly the conversion price of the Bonds was adjusted to HK$31.61 per Share with effect from Friday, 17 June 2023, and to HK31.29 per Share with effect from Friday, 15 September 2023 respectively, as per the adjustment provisions stipulated under the terms and conditions of the Bonds. Based on the total outstanding principal amount of the Bonds of US$350,000,000 on the date of the announcement and the adjusted conversion price, 86,693,512 additional Shares would be issued upon conversion of all the outstanding Bonds.

On 29 September 2023, the Company announced that it received a conversion notice from a holder of the Bonds for the exercise of the conversion rights attached to the Bonds in respect of the aggregate principal amount of US$800,000 (the "**Converted Bonds**"). All of the Converted Bonds have been converted to ordinary shares of the Company (the "**Conversion Shares**") and a total number of 196,150 Conversion Shares were issued to the bondholder on 19 September 2023 in accordance with the terms and conditions of the Bonds.

The terms and conditions of the Bonds provide, among other matters, that the Company will, at the option of the holder of any Bonds (the "**Put Option**"), redeem all or some only of such holder's Bonds on 30 September 2023 at 100 per cent. of their principal amount, together with interest accrued but unpaid up to but excluding such date.

At the same date, the Company announced that as the holders of the Bonds in an aggregate principal amount of US$348,600,000 gave notice to exercise their Put Option, the Company has on 29 September 2023 fully redeemed parts of the outstanding Bonds in an aggregate principal amount of US$348,600,000, representing approximately 99.6% of the initial aggregate principal amount of the Bonds.

Directors' Report

On 4 October 2023, the Company served a notice to exercise its right to redeem all and not some only of the outstanding Bonds in the aggregate principal amount of US$600,000 on 3 November 2023.

Following the above redemptions, all of the redeemed Bonds were cancelled in accordance with the terms and conditions of the Bonds and none of the Bonds remained outstanding.

For details, please refer to the announcements dated 29 September 2023 and 4 October 2023.

Save as disclosed above, during the year ended 31 December 2023, there were no other conversion of the Bonds into ordinary shares of the Company. Details of the convertible bonds balance as of 31 December 2023 are disclosed in note 31 to the Consolidated Financial Statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed during the year ended 31 December 2023, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures.

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS (INCLUDING CONTINUING CONNECTED TRANSACTIONS)

Save as the connected transactions disclosed below, the Company did not have any transaction with connected persons of the Group that were subject to the reporting, announcement or independent shareholders' approval requirements as required under the Listing Rules during the year ended 31 December 2023. All connected transactions are subject to the review and approval by the Board of Directors. The Company has complied with the applicable requirements of Chapter 14A of the Listing Rules for the year ended 31 December 2023.

Connected Transactions and Continuing Connected Transactions With BW Industrial Development Joint Stock Company

(i) **Subscription of shares in BW**

In addition to strengthening its market leadership position in core markets, the Group has also sought to expand its footprint in Southeast Asia, one of the fastest growing regions in the world. On 12 January 2023, in line with the Group's capital recycling strategy, the Company announced that, through its wholly-owned subsidiary, it agreed to subscribe for 168,358,478 newly issued shares in BW Industrial Development Joint Stock Company ("**BW**") in consideration of US$1.2341 per subscription share for an aggregate subscription amount of US$207,777,778 ("**Subscription**"), and the Company would elect to subscribe for such number of additional shares so that it would hold no less than 15% issued shares of BW (on a fully diluted basis) ("**Additional Subscription Rights**"). The Company announced on 4 August 2023 that it exercised the Additional Subscription Rights and subscribed for an additional 99,034,399 issued shares in BW in consideration of US$1.2341 per subscription share for an aggregate amount of US$122,222,223 ("**Additional Subscription**"). Following the subscriptions, the Company held 15.57% of the issued shares in BW. For details, please refer to the announcements made by the Company on 12 January 2023 and 4 August 2023.

Directors' Report

(ii) Framework agreement on services

In connection with the Subscription, on 12 January 2023 (after trading hours), ESR V Investor 5 Pte. Ltd. ("**ESR V Investor 5**") and BW entered into a framework agreement ("**Framework Agreement**") pursuant to which ESR V Investor 5 (itself or through one or more of its affiliates) may provide certain land acquisition brokerage services ("**Land Services**"), development, asset management, financing and treasury services ("**Development Services**") and leasing agency services ("**Leasing Services**") to BW and its subsidiaries during a period of 18 months (in relation to the Land Services) or 24 months (in relation to the Development Services or Leasing Services) from completion of the Subscription. BW will pay (i) one-off fee of up to US$5 million for each of the Land Services and the Development Services, in each case, and (ii) in respect of the Leasing Services, an annual cap of up to US$3 million for each one year period from the date of completion of the Subscription, up to a maximum period of two years. The aggregate service fees under the Framework Agreement payable to the Group for the provision of all Services shall not exceed US$9,500,000 plus accrued interest. For details, please refer to the announcement made by the Company on 12 January 2023.

During the period from 12 January 2023 to 11 January 2024, the aggregate amount in respect of the Leasing Services was US$2,223,213.09.

(iii) Disposal of shares in certain joint venture companies

On 12 January 2023 (after trading hours), ESR V Investor 1 Pte. Ltd. ("**ESR V Investor 1**", a wholly-owned subsidiary of the Company) and ESR V Investor 2 Pte. Ltd. ("**ESR V Investor 2**", a wholly-owned subsidiary of the Company) (as sellers) and ESR V Investment Holding Pte. Ltd. (a wholly-owned subsidiary of the Company) (as guarantor) entered into a share purchase deed ("**Share Purchase Deed**") with Cong Ty Co Phan Sao Hoa Toan Quoc ("**VC3**", a subsidiary of BW) pursuant to which ESR V Investor 1 and ESR V Investor 2 agreed to sell certain shares in two disposal companies, respectively, to VC3 in the consideration of VND524,276,000,000 and VND227,516,000,000, respectively ("**Disposals**"). For details, please refer to the announcement made by the Company on 12 January 2023.

(iv) Formation of joint ventures with BW's controlled entities and continuing connected transactions with joint ventures

On 20 October 2023, the Company announced that, in line with the Group's capital recycling initiatives, the Group, through its wholly-owned subsidiaries, entered into the following joint venture deeds ("**JV Deeds**") with BW's controlled entities in relation to the formation of joint ventures to develop logistics facilities in Vietnam:

(a) Sao Hoa Toan Quoac Joint Stock Company ("**SHTQ**"), BW NDV Investor (including NDV Holdco 1 Company Limited ("**BW NDV 1**") and NDV Holdco 2 Company Limited ("**BW NDV 2**")), ESR V Investor 4 Pte. Ltd ("**ESR NDV Investor**", a wholly-owned subsidiary of the Company) and Hai Phong Industrial Development (Vietnam) Joint Stock Company ("**NDV JV**") entered into the NDV JV Deed in relation to the operation, management and administration of NDV JV;

(b) BW NSHL Investor (including SHTQ and Industrial Real Estate Consultancy and Management LLC), NSHL Investor Pte. Ltd. ("**ESR NSHL Investor**") and NSHL Holdco Joint Stock Company ("**NSHL JV**") entered into the NSHL JV Deed in relation to the operation, management and administration of NSHL JV; and

(c) SHTQ, Yen Phong Holdco Company Limited ("**BW YP Investor**"), ESR YP Investor (including ESR V Investor 3 Pte. Ltd. ("**ESR YP 1**") and Yen Phong Investor 1 Pte. Ltd. ("**ESR YP 2**"), each a wholly-owned subsidiary of the Company)) and Yen Phong Industrial Development (Vietnam) Joint Stock Company ("**YP JV**") entered into the YP NV Deed in relation to the operation, management and administration of YP JV.

Directors' Report

Under the JV Deeds, (a) BW NDV Investor will purchase, and ESR NDV Investor will sell, such number of ordinary shares in NDV JV so that BW NDV Investor will hold 51% of all the shares of NDV JV (on a fully diluted basis) on the completion ("**NDV Completion**") for an aggregate purchase price of approximately USD5.2 million (or its equivalent in VND at or around the time of such purchase); (b) BW NSHL Investor will subscribe for, and the NSHL JV will issue and allot to BW NSHL Investor, the 918,000 preference shares and 90,000 ordinary shares in the NSHL JV, for an aggregate subscription price of approximately USD8.7 million (or its equivalent in VND at or around the time of such subscription); and (c) SHTQ will purchase, and ESR YP 1 will sell, all shares of BW YP Investor (which was wholly owned by ESR YP 1) for the aggregate purchase price of VND200.0 million, and BW YP Investor will purchase, and ESR YP 1 will sell, such number of ordinary shares in YP JV so that BW YP Investor will hold 49% of all the shares of YP JV (on a fully diluted basis) on completion of such share purchase ("**YP initial Completion**") for an aggregate purchase price of approximately USD7.7 million (or its equivalent in VND at or around the time of such purchase). Subject to BW YP Investor making a shareholder loan and conditional upon BW YP Investor obtaining antitrust clearance, BW YP Investor will purchase, and ESR YP 1 will sell, such number of ordinary shares in YP JV so that BW YP Investor will hold 51% of all the shares of YP JV (on a fully diluted basis) on completion of such share purchase ("**YP Second Completion**") for an aggregate purchase price of approximately USD0.4 million (or its equivalent in VND at or around the time of such purchase).

Prior to entering into of the JV Deeds, each of NDV JV, NSHL JV, YP JV (collectively the "**JV Companies**") and BW YP Investor were indirect subsidiaries of the Company. Pursuant to the JV Deeds, upon the NDV Completion, NDV JV was held as to 51% by BW NDV Investor and 49% by ESR NDV Investor; upon the NSHL Completion, NSHL JV was held as to 51% by BW NSHL Investor and 49% by ESR NSHL Investor; and upon the YP Initial Completion, YP JV was held as to 49% by BW YP Investor and 51% by ESR YP Investor. In each case, the JV Company ceased to be accounted as a subsidiary of the Company in its consolidated financial statements.

Ancillary to the formation of the joint ventures, ESR Vietnam Co Pte. Ltd ("**ESR Vietnam**", a wholly-owned subsidiary of the Company) also entered into the following management agreements ("**Management Agreements**") with the JV Companies pursuant to which the Group would provide consultancy services in relation to the construction and development of certain projects ("**Development Consultancy Services**") and leasing services ("**JV Leasing Services**") to the JV Companies:

(a) upon the NDV Completion on 6 November 2023, ESR Vietnam and NDV JV entered into the ESR-NDV Management Agreement with respect to the provision of certain management services to NDV JV Group by ESR Vietnam with effect from that date;

(b) upon the NSHL Completion on 30 October 2023, ESR Vietnam and NSHL Industrial Development Limited Liability Company ("**NSHL Project Company**") entered into the ESR-NSHL Management Agreement with respect to the provision of certain management services to NSHL JV Group by ESR Vietnam with effect from that date; and

(c) upon the YP Initial Completion on 6 November 2023, ESR Vietnam and YP JV entered into the ESR-YP Management Agreement with respect to the provision of certain management services to YP JV Group by ESR Vietnam with effect from that date.

Directors' Report

Fees for Development Consultancy Services will be 1.5% of the total construction costs (excluding any land cost but including pre-construction costs and capitalised expenses, but exclusive of VAT) incurred in the development of the projects, and fees for JV Leasing Services will be determined based on the following pricing policy: (i) 1.5% of the headline gross rent or 0.5 month's to 1.5 months' headline gross rent (depending on length of the lease) for tenants referred by the Group and (ii) 50% of 3% of the headline gross rent, or 50% of 1 month's to 2 months' headline gross rent (depending on length of the lease) for tenants jointly referred by the Group and BW (or its subsidiaries). Any additional services to be provided by ESR Vietnam as agreed between the parties will not exceed the fees that would be reasonably charged by a comparable third party service provider (as determined by ESR Vietnam acting in good faith).

The annual caps under the Management Agreements are as follows:

	Period from effective date to 31 Dec 2023	Each of FY2024 and FY2025	Period from 1 Jan 2026 to the end of the 3-year term
ESR-NDV Management Agreement	US$212,500	US$850,000	US$850,000
ESR-NSHL Management Agreement	US$247,500	US$990,000	US$990,000
ESR-YP Management Agreement	US$380,000	US$1,520,000	US$1,520,000

For details, please refer to the announcement made by the Company on 20 October 2023. No transaction occurred under the Management Agreements from their effective date to 31 December 2023.

BW is indirectly controlled by entities managed or advised by Warburg Pincus LLC or its affiliates and thus it was a connected person of the Company. As SHTQ and BW NSHL Investor are, and BW NDV Investor (upon the purchase by SHTQ of all shares in BW NDV Investor from its existing individual shareholders under the NDV JV Deed) and BW YP Investor (upon the purchase by SHTQ of all shares in BW YP Investor from ESR YP 1 under the YP JV Deed) became, each a wholly-owned subsidiary of BW, SHTQ and the BW Investors are connected persons of the Company. The JV Deeds constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As NDV JV (upon NDV Completion), NSHL Project Company (upon NSHL Completion) and YP JV (upon YP Initial Completion) will be more than 30% controlled by BW (through the relevant BW Investors), NDV JV, NSHL Project Company and YP JV will be connected persons of the Company. Accordingly, each of (i) the Subscription and the Additional Subscription, (ii) the Land Services and the Development Services under the Framework Agreement, and (iii) the Disposals under the Share Purchase Deed constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules and each of (i) the Leasing Services under the Framework Agreement and (ii) the services under the Management Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report

The Independent Non-executive Directors have reviewed the continuing connected transactions for the Leasing Services under the Framework Agreement for the year ended 31 December 2023 and confirmed that such transactions have been:

(1) entered into in the ordinary and usual course of business of the Group;
(2) conducted on normal commercial terms or better (as defined in the Listing Rules); and
(3) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable and in the interests of the Shareholders as a whole.

The auditors of the Company have performed the relevant assurance procedures regarding the continuing connected transactions for the Leasing Services under the Framework Agreement during the period from 12 January 2023 to 11 January 2024, and confirmed by way of a letter to the Board of Directors that nothing has come to their attention that cause them to believe that such transactions:

(1) have not been approved by the Board of Directors;
(2) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of services by the Group;
(3) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
(4) have exceeded the annual cap as set by the Company.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of the Company's key management and their close family member are also considered as related parties. For a discussion of related party transactions, see note 40 to the Consolidated Financial Statements. Directors believe that the related party transactions were carried out on an arm's length basis and will not distort the results during the year ended 31 December 2023 or make such results not reflective of the future performance. All the related party transactions described in this note are exempt from the reporting, announcement or independent shareholders' approval requirements under Rules 14A.76(1)(a) and (b) of the Listing Rules.

Directors' Report

CHARITABLE DONATIONS

The charitable and other donations made by the Group for the year ended 31 December 2023 amounted to US$186,000 (2022: US$772,000).

IMPORTANT EVENT AFTER THE REPORTING PERIOD

Save for the information disclosed in note 48 to the Consolidated Financial Statements, there was no important event after the year ended 31 December 2023 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

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

The Company has arranged for appropriate directors' liability insurance coverage for the Directors during the year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Company's consolidated annual results for the year ended 31 December 2023 has been reviewed by the Audit Committee of the Company. Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report on page 68.

Directors' Report

AUDITOR

Ernst & Young, Certified Public Accountants, who was re-appointed as the auditor of the Company since the last AGM, has acted as the auditor of the Company for the year ended 31 December 2023.

The Consolidated Financial Statements for the year ended 31 December 2023 have been audited by Ernst & Young who shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM to re-appoint Ernst & Young as the auditor of the Company.

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

On behalf of the Board

Mr Jeffrey David Perlman
Chairman

Hong Kong, 21 March 2024

Independent Auditor's Report

EY 安永

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

Opinion

We have audited the consolidated financial statements of ESR Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 125 to 240, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Impairment consideration of goodwill and the other intangible asset with indefinite useful life	
The goodwill of US$3,469,442,000 and the trust management rights intangible asset with indefinite useful life of US$1,163,606,000, are subject to an impairment review at least annually. An impairment loss of US$29,167,000 was recognised in current financial year. We identified impairment assessment of goodwill and the other intangible asset with indefinite useful life as a key audit matter because the impairment test and assessment were largely based on management's expectation and estimation of future results of the respective cash-generating units. The assumptions used in impairment test were based on management's estimates of variables including cash flow forecast, discount rate and terminal growth rate. Further disclosures on the Group's goodwill and the other intangible asset with indefinite useful life are in notes 19 and 20 to the consolidated financial statements.	We performed an understanding of the Group's process to perform the annual impairment test of goodwill and trust management rights intangible asset with indefinite useful life. We performed an understanding, and assessment of the assumptions and methodologies used by the Group in the value in use model. We involved our internal valuation specialists to evaluate the valuation methodologies and the key assumptions used by management and their independent professional valuers, such as discount rate, terminal growth rate. We assessed the reasonableness of cash flows projection and related assumptions such as the budgeted gross fee income and future management fee rates. We also assessed the Group's disclosure regarding the impairment of goodwill and the other intangible asset with indefinite useful life.
Valuation of investment properties held either directly or through joint ventures, associates and financial assets measured at fair value	
The Group's investments in property assets include investment properties held either directly or through joint ventures, associates and financial assets measured at fair value, which were subject to fair value revaluation at the end of the year. The fair value as at 31 December 2023 was assessed by independent professional valuers. We identified the valuation of investment properties as a key audit matter because of the significance of total fair value of these investment properties to the consolidated financial statements and the significant judgement and estimations involved in determination of the fair value. The key assumptions included, among others, adopted term yield, reversionary yield and market unit rent for warehouse properties. Further disclosures on the Group's investment properties are in notes 15, 16, 17, 18 and 47 to the consolidated financial statements.	We performed an understanding of the Group's process regarding the valuation of investment properties. We evaluated the independent professional valuers' competence, capabilities and objectivity. We involved our internal valuation specialists to evaluate the valuation methodologies and assess the reasonableness of the key assumptions used by management and their independent professional valuers, such as the adopted term yield, reversionary yield and market unit rent by benchmarking the rates against specific property data, comparables and prior year's inputs. We also assessed the disclosures relating to the valuation techniques and key inputs applied by the professional valuers.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Accounting for business combination	
During the year ended 31 December 2023, the Group completed an acquisition that has resulted in the Company acquiring controlling interest in ARA Europe REIT Manager Limited ("ARAE Manager"). We identified the audit of accounting for this acquisition as a key audit matter because this is significant transaction during the year which requires significant management judgement regarding the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired entities with those of the Group. This exercise also requires management to determine the fair value of the assets and liabilities acquired and to identify intangible assets acquired in the acquisition. Further disclosure on the Group's business combination is in note 34 to the consolidated financial statements.	We read the sales and purchase agreements in relation to this acquisition to obtain an understanding of the transaction and the key terms. We assessed whether the appropriate accounting treatment has been applied to this transaction. We tested the identification and fair value of the acquired assets including intangible assets acquired based on our discussion with management and understanding of the business of ARAE Manager. We involved our internal valuation specialists to evaluate the valuation methodologies and the key assumptions used by management, such as discount rate, terminal growth rate. We also assessed the Group's disclosure regarding this business combination.

Independent Auditor's Report

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Company's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

Ernst & Young
Certified Public Accountants
Hong Kong
21 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2023

	Notes	2023 US$'000	2022 US$'000
Revenue	4, 5	**871,326**	821,154
Cost of sales		**(59,796)**	(29,228)
Gross profit		**811,530**	791,926
Other income and gains, net	5	**376,476**	510,173
Administrative expenses		**(460,498)**	(491,275)
Finance costs	7	**(312,901)**	(222,415)
Share of profits and losses of joint ventures and associates, net		**(20,369)**	226,716
Profit before tax	6	**394,238**	815,125
Income tax expense	10	**(126,182)**	(184,016)
Profit for the year		**268,056**	631,109
Attributable to:			
Owners of the Company		**230,849**	574,145
Non-controlling interests		**37,207**	56,964
		268,056	631,109
Earnings per share attributable to ordinary equity holders of the Company			
Basic			
For profit for the year	12	**US$0.05**	US$0.13
Diluted			
For profit for the year	12	**US$0.05**	US$0.13
Profit for the year		**268,056**	631,109
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(58,545)**	(310,963)
Effect of hedge		**(4,977)**	—
Share of other comprehensive loss of joint ventures and associates		**(58,144)**	(210,350)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(121,666)**	(521,313)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income		**(86,251)**	(186,003)
Share of fair value reserve of associates and joint ventures		**1,881**	10,022
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(84,370)**	(175,981)
Other comprehensive loss for the year, net of tax		**(206,036)**	(697,294)
Total comprehensive income/(loss) for the year		**62,020**	(66,185)
Attributable to:			
Owners of the Company		**34,047**	(90,429)
Non-controlling interests		**27,973**	24,244
		62,020	(66,185)

Consolidated Statement of Financial Position

31 December 2023

	Notes	2023 US$'000	2022 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**51,536**	43,822
Right-of-use assets	14	**29,356**	30,999
Investments in joint ventures and associates	15	**3,381,555**	2,955,816
Financial assets at fair value through profit or loss	16	**802,820**	752,851
Financial assets at fair value through other comprehensive income	17	**1,050,442**	976,395
Investment properties	18	**3,201,372**	3,322,232
Goodwill	19	**3,469,442**	3,455,498
Other intangible assets	20	**1,302,936**	1,322,754
Other non-current assets	21	**362,291**	227,440
Deferred tax assets	29	**88,870**	101,276
Total non-current assets		**13,740,620**	13,189,083
CURRENT ASSETS			
Trade receivables	22	**532,861**	353,488
Prepayments, other receivables and other assets	23	**564,954**	414,758
Financial assets at fair value through profit or loss	16	**34,494**	21,883
Cash and bank balances	24	**1,001,568**	1,806,915
		2,133,877	2,597,044
Assets of a disposal group classified as held for sale	32	**316,578**	413,247
Total current assets		**2,450,455**	3,010,291
CURRENT LIABILITIES			
Bank and other borrowings	25	**899,884**	290,452
Lease liabilities	26	**11,367**	10,403
Trade payables, accruals and other payables	28	**360,709**	403,492
Contingent consideration payable		**6,746**	2,581
Income tax payable		**95,543**	108,068
		1,374,249	814,996
Liabilities directly associated with the assets classified as held for sale	32	**255,977**	264,721
Total current liabilities		**1,630,226**	1,079,717
NET CURRENT ASSETS		**820,229**	1,930,574
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,560,849**	15,119,657

Consolidated Statement of Financial Position

31 December 2023

	Notes	2023 US$'000	2022 US$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	29	**580,838**	617,504
Bank and other borrowings	25	**5,079,669**	5,206,178
Lease liabilities	26	**20,590**	23,785
Contingent consideration payable		**11,664**	—
Other non-current liabilities	27	**139,334**	131,876
Total non-current liabilities		**5,832,095**	5,979,343
NET ASSETS		**8,728,754**	9,140,314
EQUITY			
Equity attributable to owners of the Company			
Issued capital	41	**4,280**	4,422
Perpetual capital securities	43	**742,866**	742,701
Equity component of convertible bonds	31	**—**	48,501
Other reserves	44	**7,663,366**	8,019,035
		8,410,512	8,814,659
Non-controlling interests	33	**318,242**	325,655
TOTAL EQUITY		**8,728,754**	9,140,314

Mr Jinchu Shen
Director

Mr Stuart Gibson
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company														
	Issued capital (note 41) US$'000	Share premium* (note 41) US$'000	Statutory reserve* (note 44) US$'000	Merger reserve* (note 44) US$'000	Share-based payment reserve* (note 42) US$'000	Exchange fluctuation reserve* (note 44) US$'000	Retained profits* (note 44) US$'000	Investment reserve (non-recycling)* (note 44) US$'000	Hedge reserves* (note 44) US$'000	Equity components of convertible bonds (note 31) US$'000	Perpetual capital securities (note 43) US$'000	Other reserve* (note 44) US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As at 1 January 2023	4,422	6,448,219	4,802	56,358	49,130	(467,294)	2,050,186	(113,741)	–	48,501	742,701	(8,625)	8,814,659	325,655	9,140,314
Profit for the year	–	–	–	–	–	–	230,849	–	–	–	–	–	230,849	37,207	268,056
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	(85,430)	–	–	–	–	(85,430)	(821)	(86,251)
Effect of hedge	–	–	–	–	–	–	–	–	(4,977)	–	–	–	(4,977)	–	(4,977)
Exchange differences on translation of foreign operations	–	–	–	–	–	(50,275)	–	–	–	–	–	–	(50,275)	(8,270)	(58,545)
Share of other comprehensive loss of joint ventures and associates	–	–	–	–	–	(54,911)	–	1,881	(3,090)	–	–	–	(56,120)	(143)	(56,263)
Total comprehensive income for the year	–	–	–	–	–	(105,186)	230,849	(83,549)	(8,067)	–	–	–	34,047	27,973	62,020
Transferred from retained profit	–	–	2,824	–	–	–	(2,824)	–	–	–	–	–	–	–	–
Reclassification of financial asset at fair value through other comprehensive income	–	–	–	–	–	–	2,394	(2,394)	–	–	–	–	–	–	–
Profit attributable to holders of perpetual capital securities (note 43)	–	–	–	–	–	–	(41,920)	–	–	–	41,920	–	–	–	–
Distribution paid to holders of perpetual capital securities (note 43)	–	–	–	–	–	–	–	–	–	–	(41,755)	–	(41,755)	–	(41,755)
Adjustment on redemption value of the option granted to non-controlling shareholders of a subsidiary (note 27)	–	–	–	–	–	–	–	–	–	–	–	(13,610)	(13,610)	(5,567)	(19,177)
Acquisition of non-controlling interests	–	–	–	–	–	(346)	(6,155)	–	–	–	–	–	(6,501)	(8,397)	(14,898)
Transfer of interest to non-controlling interests without change of control	–	–	–	–	–	–	–	–	–	–	–	–	–	2,912	2,912
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	10,154	10,154
Dividend distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(38,889)	(38,889)
Dividend distributions	–	–	–	–	–	–	(139,630)	–	–	–	–	–	(139,630)	–	(139,630)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	4,406	4,406
Disposal of subsidiaries	–	–	–	–	–	7,053	–	–	–	–	–	–	7,053	(5)	7,048
Share repurchased and cancellation	(145)	(217,625)	–	–	–	–	–	–	–	–	–	–	(217,770)	–	(217,770)
Conversion of convertible bonds	–	800	–	–	–	–	58	–	–	(111)	–	–	747	–	747
Redemption of convertible bonds	–	–	–	–	–	–	8,294	–	–	(48,390)	–	–	(40,096)	–	(40,096)
Issue of shares upon exercise of share options	2	3,040	–	–	(3,126)	–	–	–	–	–	–	–	(84)	–	(84)
Issue of shares upon vesting of units under Long Term Incentive Scheme	1	2,765	–	–	(8,492)	–	–	–	–	–	–	–	(5,726)	–	(5,726)
Transfer of share-based payment reserve upon the forfeiture of share options and Long Term Incentive Scheme	–	–	–	–	(7,642)	–	7,642	–	–	–	–	–	–	–	–
Share-based compensation arrangement (note 42)	–	–	–	–	19,178	–	–	–	–	–	–	–	19,178	–	19,178
As at 31 December 2023	4,280	6,237,199	7,626	56,358	49,048	(565,773)	2,108,894	(199,684)	(8,067)	–	742,866	(22,235)	8,410,512	318,242	8,728,754

* These reserve accounts comprise the consolidated reserves of US$7,663,366,000 in the consolidated statement of financial position as at 31 December 2023 (2022: US$8,019,035,000).

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company													
	Issued capital (note 41) US$'000	Share premium* (note 41) US$'000	Statutory reserve* (note 44) US$'000	Merger reserve* (note 44) US$'000	Share-based payment reserve* (note 42) US$'000	Exchange fluctuation reserve* (note 44) US$'000	Retained profits* (note 44) US$'000	Investment reserve (non-recycling)* (note 44) US$'000	Equity components of convertible bonds (note 31) US$'000	Perpetual capital securities (note 43) US$'000	Other reserve* (note 44) US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As at 1 January 2022	3,049	2,022,188	4,302	56,358	29,899	21,240	1,555,682	127,274	48,501	261,147	29,218	4,158,858	255,177	4,414,035
Profit for the year	–	–	–	–	–	–	574,145	–	–	–	–	574,145	56,964	631,109
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	(180,410)	–	–	–	(180,410)	(5,593)	(186,003)
Exchange differences on translation of foreign operations	–	–	–	–	–	(283,836)	–	–	–	–	–	(283,836)	(27,127)	(310,963)
Share of other comprehensive loss of joint ventures and associates	–	–	–	–	–	(210,350)	–	10,022	–	–	–	(200,328)	–	(200,328)
Total comprehensive loss for the year	–	–	–	–	–	(494,186)	574,145	(170,388)	–	–	–	(90,429)	24,244	(66,185)
Transferred from retained profits	–	–	1,427	–	–	–	(1,427)	–	–	–	–	–	–	–
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	70,627	(70,627)	–	–	–	–	–	–
Profit attributable to holders of perpetual capital securities (note 43)	–	–	–	–	–	–	(42,524)	–	–	42,524	–	–	–	–
Redemption of perpetual capital securities, net of transaction costs (note 43)	–	–	–	–	–	–	(2,201)	–	–	(216,601)	–	(218,802)	–	(218,802)
Distribution paid to holders of perpetual capital securities (note 43)	–	–	–	–	–	–	–	–	–	(44,199)	–	(44,199)	–	(44,199)
Transfer of interest to non-controlling interests without change of control	–	–	–	–	–	–	4,011	–	–	–	–	4,011	26,327	30,338
Acquisition of subsidiaries	1,346	4,338,816	–	–	955	–	–	–	–	699,830	–	5,040,947	80,060	5,121,007
Adjustment on the redemption value of the option granted to non-controlling shareholders of a subsidiary (note 27)	–	–	–	–	–	87	–	–	–	–	(37,843)	(37,756)	(55,931)	(93,687)
Disposal of subsidiaries	–	–	(927)	–	–	5,565	–	–	–	–	–	4,638	(8,108)	(3,470)
Issue of new shares	77	249,923	–	–	–	–	–	–	–	–	–	250,000	–	250,000
Acquisition of non-controlling interests	–	–	–	–	–	–	(37,371)	–	–	–	–	(37,371)	(23,741)	(61,112)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	33,852	33,852
Dividend distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(6,268)	(6,268)
Dividend distributions	–	–	–	–	–	–	(70,777)	–	–	–	–	(70,777)	–	(70,777)
Share repurchased and cancellation	(64)	(169,253)	–	–	–	–	–	–	–	–	–	(169,317)	–	(169,317)
Issue of shares upon exercise of share options	14	6,349	–	–	(6,849)	–	–	–	–	–	–	(486)	–	(486)
Transfer of share-based payment reserve upon the forfeiture of share options	–	–	–	–	(21)	–	21	–	–	–	–	–	–	–
Issue of shares pursuant to Long Term Incentive Scheme	–	196	–	–	(1,354)	–	–	–	–	–	–	(1,158)	–	(1,158)
Share-based compensation arrangement (note 42)	–	–	–	–	26,500	–	–	–	–	–	–	26,500	43	26,543
As at 31 December 2022	4,422	6,448,219	4,802	56,358	49,130	(467,294)	2,050,186	(113,741)	48,501	742,701	(8,625)	8,814,659	325,655	9,140,314

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 US$'000	2022 US$'000
Cash flows from operating activities			
Profit before tax		**394,238**	815,125
Adjustments for:			
Amortisation of other intangible assets	6	**31,293**	30,261
Changes in carrying value of financial assets at fair value through profit or loss	5	**(1,159)**	(8,040)
Changes in fair value of financial derivative assets	5	**4,146**	(6,191)
Depreciation of property, plant and equipment	6	**6,350**	5,589
Depreciation of right-of-use assets	6	**12,700**	12,013
Dilution gain of interests in investment in an associate	5	**(4,105)**	—
Dividend income	5	**(84,279)**	(136,858)
Fair value losses/(gains) on assets held for sale	5	**4,667**	(5,391)
Fair value losses/(gains) on completed investment properties	5	**1,787**	(63,167)
Fair value gains on investment properties under construction	5	**(189,509)**	(132,264)
Finance costs	7	**312,901**	222,415
(Gain)/loss on disposal of interests in financial assets at fair value through profit or loss	5	**(2,145)**	883
Gain on disposal of assets held for sale	5	**(1,378)**	—
Gain on disposal of investment properties	5	**(18,658)**	(50,623)
Gain on disposal of other assets	5	**—**	(2,291)
Gain on disposal of subsidiaries	5	**(24,072)**	(48,659)
Gain on early redemption of convertible bonds	5	**(17,181)**	—
Impairment of goodwill	6	**13,571**	—
Impairment of investments in joint ventures and associates	6	**5,172**	—
Impairment of other intangible assets	20	**15,596**	541
Impairment of trade receivables and other receivables and bad debt written off		**774**	15,017
Interest income	5	**(32,885)**	(16,867)
Loss/(gain) on disposal of interests in joint ventures and associates	5	**1,188**	(11,116)
Loss on disposal of items of property, plant and equipment	6	**234**	1,115
Management fee received/receivable in units		**(54,590)**	(68,051)
Other income		**(1,332)**	(16,640)
Reversal of impairment loss on other intangible assets		**(344)**	—
Share-based compensation expense	6	**19,178**	26,543
Share of profits and losses of joint ventures and associates, net		**20,369**	(226,716)
		412,527	336,628
Increase in trade receivables		**(182,694)**	(156,608)
Increase in prepayments, other receivables and other assets		**(33,792)**	(71,952)
Increase in trade payables, accruals and other payables		**28,458**	72,473
Cash flows generated from operations		**224,499**	180,541
Income tax paid		**(84,909)**	(108,542)
Dividend income received from financial assets at fair value through profit or loss		**2,255**	1,130
Disposal of financial assets at fair value through profit or loss		**942**	6,073
Net cash flows generated from operating activities		**142,787**	79,202

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 US$'000	2022 US$'000
Cash flows from investing activities			
Acquisition of subsidiaries		**(21,291)**	(140,005)
Additions of investment properties		**(326,165)**	(782,925)
Additions of other intangible assets	20	**(11,405)**	(2,280)
Additions of property, plant and equipment		**(16,670)**	(16,541)
Advances to related parties and joint ventures		**(39,598)**	(2,771)
Capital injection in financial assets at fair value through other comprehensive income		**(120,371)**	(97,101)
Capital injection in financial assets at fair value through profit or loss		**(64,925)**	(158,559)
Capital injection in joint ventures and associates		**(612,952)**	(415,950)
Capital redemption on financial assets at fair value through other comprehensive income		**1,144**	43,199
Disposal of asset held for sale		**52,217**	—
Disposal of financial assets at fair value through other comprehensive income		**—**	362,109
Disposal of financial assets at fair value through other profits or loss		**22,224**	—
Disposal of interests in joint ventures and associates		**30,654**	44,189
Disposal of investment properties		**61,494**	314,462
Disposal of other assets		**—**	3,490
Disposal of property, plant and equipment		**—**	324
Disposal of subsidiaries		**75,646**	295,198
Distributions from financial assets at fair value through profits or loss		**27,963**	92,707
Distributions from joint ventures and associates		**111,910**	212,282
Dividend income from quoted financial assets		**53,589**	39,509
Dividend income from unquoted financial assets		**26,935**	93,586
Increase in non-pledged fixed time deposits with a maturity period over three months		**(3,850)**	—
Interest received		**19,371**	16,098
Investment in other investments		**(3,485)**	(6,407)
Loan to third parties		**(10,381)**	(84,825)
Payment of contingent consideration payables		**—**	(4,679)
Prepayments for acquiring land use rights		**(60,752)**	(138,170)
Purchase of financial derivative assets		**—**	(105)
Repayment of loans to directors of the Company		**—**	945
Repayment from joint ventures and financial assets at fair value through profit or loss upon disposal of subsidiaries		**50,532**	206,760
Transaction costs incurred for acquisition of subsidiaries		**—**	(45,167)
Net cash flows used in investing activities		**(758,166)**	(170,627)

STRATEGIC REPORTS

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 US$'000	2022 US$'000
Cash flows from financing activities			
Acquisition of non-controlling interests		**(14,898)**	(61,112)
Capital contribution from non-controlling interests		**10,154**	33,852
Changes in pledged bank deposits and restricted cash balances		**15,847**	22,787
Distribution paid to holders of perpetual capital securities		**(41,755)**	(44,199)
Dividend distributions to non-controlling interests		**(38,889)**	(6,268)
Dividend distributions to shareholders		**(139,630)**	(70,777)
Interest of bank and other borrowings paid	30	**(309,911)**	(237,771)
Principal portion of lease payments	30	**(14,168)**	(12,125)
Proceeds from bank and other borrowings	30	**1,809,814**	2,382,853
Proceeds from issuance of shares		**—**	250,000
Redemption of convertible bonds		**(349,200)**	—
Redemption of perpetual capital securities, net		**—**	(218,802)
Repayment of bank and other borrowings	30	**(835,550)**	(1,494,391)
Share repurchased		**(217,770)**	(169,317)
Transfer of interest to non-controlling interests without change of control		**2,912**	30,338
Net cash (used in)/generated from financing activities		**(123,044)**	405,068
Net (decrease)/increase in cash and cash equivalents		**(738,423)**	313,643
Cash and cash equivalents at beginning of year		**1,717,672**	1,517,533
Effect of foreign exchange rate changes, net		**(54,311)**	(113,504)
Cash and cash equivalents at end of year		**924,938**	1,717,672
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,001,568**	1,806,915
Cash and short-term deposits attributable to the disposal group held for sale		**9,281**	8,665
Non-pledged fixed time deposits with a maturity period over three months		**(3,850)**	—
Pledged bank deposits	24	**(632)**	(2,030)
Restricted bank balances	24	**(81,429)**	(95,878)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**924,938**	1,717,672

Notes to the Consolidated Financial Statements

31 December 2023

1. CORPORATE INFORMATION

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

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

Information about subsidiaries

As at the end of 31 December 2023, the Company had direct and indirect interests in its principal subsidiaries, the particulars of which are set out below:

Name	Place of incorporation/ principal country of operation/office and date of incorporation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai e-Shang Warehousing Services Co., Ltd.	China 8 July 2011	RMB109,090,909	—	100%	Investment and management
Langfang Weidu International Logistics Co., Ltd.	China 15 March 2011	US$24,000,000	—	100%	Warehousing business
Jiangsu Friend Warehousing Co., Ltd.	China 14 August 2003	RMB371,320,077	—	100%	Warehousing business
ESR Kendall Square, Inc.	South Korea 12 December 2014	KRW34,000,000,000	—	100%	Investment and management
Redwood Asian Investments Ltd. ("**RAIL**")	Cayman Islands 5 August 2013	US$100	100%	—	Investment holding
ESR Singapore Pte. Ltd.	Singapore 27 November 2007	US$1	100%	—	Investment and management
ESR Ltd	Japan 8 May 2006	JPY466,970,000	—	100%	Investment and management
Sunwood Singapore Holding Pte. Ltd.	Singapore 24 December 2014	US$243,103,880	—	95%	Investment and management
ESR Pte. Ltd.	Singapore 26 May 2017	A$308,885,207	95.5%	—	Investment holding
e-Shang Infinity Cayman Limited	Cayman Islands 30 September 2015	US$35,243,934	—	100%	Investment holding
ESR-LOGOS Funds Management (S) Limited	Singapore 14 September 2005	S$64,714,500	—	94.2%	Investment and management
ESR-LOGOS Property Management (S) Pte. Ltd.	Singapore 4 November 2005	S$250,000	—	95.1%	Investment and management
Shanghai Yurun Meat Food Co., Ltd.	China 3 June 2010	RMB687,142,857	—	70%	Warehousing business
Summit (BVI) Limited	BVI 24 February 2012	US$1	100%	—	Investment and management
Kendall Square Asset Management, Inc.	South Korea 1 September 2016	KRW2,500,000,000	—	100%	Investment and management

Notes to the Consolidated Financial Statements

31 December 2023

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ principal country of operation/office and date of incorporation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
ESR HK Management Limited	Cayman Islands 29 June 2018	US$100	100%	—	Investment holding
ESR Asset Management (Holdings) Limited	Australia 3 May 2000	A$91,370,012	—	95.2%	Investment and management
ESR Sachiura 3 TMK	Japan 11 January 2019	JPY5,894,700,000	—	100%	Asset holding
ESR Sachiura 4 TMK	Japan 11 January 2019	JPY6,390,800,000	—	100%	Asset holding
RW Investor (Kuki) Ltd.	Cayman Islands 11 April 2016	US$1	—	100%	Investment holding
ESR Queensland Hold Trust	Australia 29 June 2018	N/A	—	95.2%	Investment holding discretionary trust
ESR India Investment Holdings Pte. Ltd.	Singapore 8 September 2017	S$1	—	100%	Investment holding
Kendall Square REIT Management, Inc.	South Korea 28 May 2020	KRW8,000,000,000	—	100%	Investment and management
Daisy Offshore Holdings (BVI) Limited	BVI 29 May 2019	US$1	100%	—	Investment and management
Suzhou Yihao Warehouse Services Co.,Ltd.	China 23 November 2018	US$60,000,000	—	100%	Warehousing business
Chengdu Yijing Supply Chain Management Services Co., Ltd	China 22 May 2020	US$66,000,000	—	51%	Warehousing business
ESR Landmark Pty Ltd	Australia 26 March 2021	A$492,965,316	—	95.2%	Investment holding
ESR Co-Invest Trust	Australia 29 June 2018	A$799,621,062	—	95.2%	Investment holding
ESR Development (Australia) Pty Ltd	Australia 24 April 2018	A$82,941,034.02	—	95.2%	Investment and management
Skye TMK	Japan 27 November 2020	JPY1,562,900,000	—	100%	Asset holding
Suzhou Yixiang Precision Machinery Co.,Ltd.	China 4 December 2019	USD65,000,000	—	100%	Warehousing business
Shanghai Yizhishang Enterprise Management Services Co., Ltd.	China 24 December 2021	RMB1,000,000	—	100%	Investment and management
Kunshan Zhongyi Industrial Automation Co., Ltd.	China 27 September 2020	RMB558,000,000	—	100%	Warehousing business
ESR 29 TMK	Japan 13 May 2022	JPY6,791,000,000	—	100%	Asset holding
ESR 27 TMK	Japan 1 March 2022	JPY1,778,050,000	—	100%	Asset holding

Notes to the Consolidated Financial Statements

31 December 2023

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ principal country of operation/office and date of incorporation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
ESR V Investor 5 Pte. Ltd.	Singapore 23 June 2022	US$1	—	100%	Investment holding
ARA Asset Management Limited	Bermuda/Singapore 1 July 2002	SGD2,571,943	100%	—	Investment holding
ARA Trust Management (Suntec) Limited	Singapore 30 August 2004	SGD1,000,000	—	100%	Investment and management
ARA Asset Management (Fortune) Limited	Singapore/Hong Kong 7 April 2003	SGD1,000,000	—	100%	Investment and management
APM Property Management Pte Ltd	Singapore 1 September 1994	SGD3	—	100%	Investment and management
ARA Dunedin Limited	United Kingdom 28 June 2019	GBP200	—	58.5%	Investment and management
Venn Partners LLP	United Kingdom 30 July 2009	GBP1,236,366	—	70.5%	Investment and management
ARA Real Estate Investors XXI Pte. Ltd.	Singapore 07 February 2018	AUD1	—	100%	Investment holding
ARA Real Estate Investors 28 Limited	Cayman Islands/ Singapore 07 August 2019	AUD1	—	100%	Investment holding
ARA Real Estate Investors 30 Limited	Hong Kong 08 January 2021	JPY100	—	100%	Investment holding
ARA Real Estate Investors 22 Pte. Ltd.	Singapore 4 January 2018	SGD1	—	100%	Investment holding
LOGOS Property Group Limited	BVI 27 January 2015	USD14.84	—	86.4%	Investment Holding
LOGOS Supply Chain Management (Shanghai) Co., Ltd.	China 08 February 2018	USD1,000,000	—	86.4%	Investment and management
Logos Development Management Pty Ltd	Australia 26 September 2014	AUD100	—	86.4%	Investment and management
Logos Investment Management Pty Ltd	Australia 6 December 2017	AUD100	—	86.4%	Investment and management
Logos MLP Development Management	Australia 15 April 2021	AUD100	—	86.4%	Investment and management
Logos SE Asia (Funds Management) Pte. Ltd.	Singapore 11 April 2017	SGD4,361,575.99	—	86.4%	Investment and management

Notes to the Consolidated Financial Statements

31 December 2023

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

31 December 2023

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

31 December 2023

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

(d) *Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments and the mandatory temporary exception retrospectively.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not adopted the following revised IFRSs, that have been issued but are not yet effective, in the financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

Notes to the Consolidated Financial Statements

31 December 2023

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (continued)

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

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

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

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

31 December 2023

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (continued)

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The cost of the investments in associates and joint ventures includes transaction costs. The Group's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses. The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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

Business combinations and goodwill

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

Fair value measurement

The Group measures its investment properties, financial assets and liabilities at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss at 31 December 2023 and 2022. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at 31 December 2023 and 2022.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an non-financial asset is required (other than inventories, construction contract assets, deferred tax assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at 31 December 2023 and 2022 as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual value
Motor vehicles	3–5 years	10%
Machinery	20–25 years	0%
Leasehold improvements	1–9 years	0%
Others	2–15 years	10%

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

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

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

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

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

Non-current assets and disposal groups held for sale

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

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

Other intangible assets (other than goodwill)

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

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other intangible assets (other than goodwill) (continued)

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

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

Leases

Group as a lessee

Right-of-use assets

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

Financial assets measured at amortised cost

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

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

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

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets measured at amortised cost (continued)

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

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

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

Gains and losses on these financial assets are never recycled in profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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

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

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

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

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

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

General approach

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

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

General approach (continued)

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

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

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

<u>Financial liabilities at fair value through profit or loss</u>

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

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

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

<u>Loans and borrowings</u>

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Convertible bond and redeemable convertible instruments

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

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

Put options in relation to non-controlling interests

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

Reclassification of financial liabilities

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statements of cash flows, cash on hand and at banks, restricted cash, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at 31 December 2023 expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by 31 December 2023, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at 31 December 2023 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at 31 December 2023 and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at 31 December 2023 and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

Government grants

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

Revenue from contracts with customers

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

Management fee income

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Solar energy income

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

Construction income

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

Revenue from other sources

Rental income

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

Interest income

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

Dividend income

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

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payment

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

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at 31 December 2023 and 2022 until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of 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 Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

Other employee benefits

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

The employees of the Group's subsidiaries which operate in Singapore and other jurisdictions are required to participate in a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as employee benefit expenses in profit or loss in the periods during which related services are rendered by the employees.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Company's functional currency is US dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at 31 December 2023. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

The functional currencies of certain overseas subsidiaries are currencies other than US dollars. As at 31 December 2023, the assets and liabilities of these entities were translated into the presentation currency of the Company at the exchange rates prevailing at 31 December 2023 and their statements of profit or loss are translated into US dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

Notes to the Consolidated Financial Statements

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

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

Judgement

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

Operating lease commitments — Group as lessor

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

Deferred tax liabilities for withholding tax

Pursuant to China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in China (a lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors). As at 31 December 2023 and 2022, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and joint ventures established in China. No deferred taxation has been provided for the distributable retained profits of approximately US$48,768,000 as at 31 December 2023 (2022: US$39,418,000), which were derived from China subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

As of 31 December 2023, deferred tax liabilities amounting to US$228,695,000 (2022: US$250,762,000) has been provided for the revaluation of investment properties. The Group determines that these deferred tax liabilities are recognised based on the presumption that the investment properties stated at fair value are recovered through use rather than sale. Further details are given in note 29.

Notes to the Consolidated Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Judgement (continued)

Consolidation of structured entities

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

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

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

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

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

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 December 2023, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2023 was US$3,469,442,000 (2022: US$3,455,498,000). Further details are given in note 19.

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

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

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

Notes to the Consolidated Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Estimation uncertainty (continued)

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

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

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

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

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

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

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

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

Fair value of financial instruments

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

Deferred tax assets

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

Notes to the Consolidated Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at 31 December 2023. Other intangible assets with indefinite lives are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

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

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

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

(c) New Economy development segment earns development profit through the development, construction and sale of completed investment properties. The development profit includes construction income, fair value gains on investment properties under construction and gains on disposal of subsidiaries. The Group also derives pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles managed by the Group in proportion to the Group's co-investments in those funds and investment vehicles.

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

Notes to the Consolidated Financial Statements

31 December 2023

4. OPERATING SEGMENT INFORMATION (continued)

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

	Year ended 31 December 2023			
	Investment US$'000	Fund management US$'000	New Economy development US$'000	Total US$'000
Segment revenue	78,329	736,747	56,250	871,326
— Intersegment sales	—	11,910	—	11,910
	78,329	748,657	56,250	883,236
Reconciliation:				
Elimination of intersegment sales	—	(11,910)	—	(11,910)
Revenue from continuing operations	78,329	736,747	56,250	871,326
Operating expenses	(28,630)	(187,723)	(76,715)	(293,068)
Fair value gains/(losses) on investment properties	(1,787)	—	189,509	187,722
Changes in carrying value of financial assets at fair value through profit or loss	(2,126)	(42)	3,327	1,159
Changes in fair value of assets held for sale	(411)	—	(4,256)	(4,667)
Changes in fair value of financial derivative assets	—	(4,146)	—	(4,146)
Share of profits and losses of joint ventures and associates, net	(95,579)	25,984	49,226	(20,369)
Loss on disposal of interests in joint ventures and associates	—	—	(1,188)	(1,188)
Gain on disposal of interests in financial assets at fair value through profit or loss	69	292	1,784	2,145
Gain on disposal of investment properties	—	—	18,658	18,658
Gain/(loss) on disposal of subsidiaries	1,016	(197)	23,253	24,072
Gain on disposal of assets held for sale	1,378	—	—	1,378
Dilution gain of interests in investment in an associate	—	—	4,105	4,105
Impairment of investments in joint ventures and associates	—	—	(5,172)	(5,172)
Other income	—	1,332	1,000	2,332
Dividend income	81,844	2,435	—	84,279
Segment result	34,103	574,682	259,781	868,566
Reconciliation:				
Depreciation and amortisation				(50,343)
Exchange loss				(2,122)
Interest income				32,885
Finance costs				(312,901)
Share-based compensation expense				(19,178)
Gain on early redemption of convertible bond				17,181
Other unallocated gains				10,561
Corporate and other unallocated expenses				(150,411)
Profit before tax from continuing operations				394,238
Other segment information:				
Depreciation and amortisation				(50,343)
Capital expenditure*				362,398
Investments in joint ventures and associates				3,381,555

Notes to the Consolidated Financial Statements

31 December 2023

4. OPERATING SEGMENT INFORMATION (continued)

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

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

Notes to the Consolidated Financial Statements

31 December 2023

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2023 US$'000	2022 US$'000
Greater China	**166,323**	206,671
Japan	**82,103**	102,253
South Korea	**201,831**	149,867
Australia and New Zealand	**209,884**	182,740
Southeast Asia	**155,412**	134,283
India	**12,400**	10,935
Europe	**35,893**	23,427
Others	**7,480**	10,978
	871,326	821,154

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

(b) Non-current assets

	2023 US$'000	2022 US$'000
Greater China	**4,334,391**	4,157,231
Japan	**1,505,439**	1,714,318
South Korea	**554,384**	510,047
Australia and New Zealand	**2,311,989**	2,365,203
Southeast Asia	**2,277,015**	1,967,817
India	**216,581**	152,316
Europe	**408,875**	247,063
Others	**176,579**	233,801
	11,785,253	11,347,796

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

Information about major customers

Revenue from continuing operations of approximately US$89,800,000 was derived from fund management segment by a single customer during the year ended 31 December 2023 (2022: no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the year ended 31 December 2022).

Notes to the Consolidated Financial Statements

31 December 2023

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

An analysis of revenue is as follows:

	2023 US$'000	2022 US$'000
Rental income from investment property operating leases (note (i))	**71,992**	91,626
Management fee	**736,747**	713,296
Construction income	**56,250**	10,735
Solar energy income	**6,337**	5,497
Total	**871,326**	821,154

Timing of revenue recognition

	2023 US$'000	2022 US$'000
Rental income from investment property operating leases	**71,992**	91,626
Point in time		
Management fee	**89,620**	177,569
Over time		
Management fee	**647,127**	535,727
Construction income	**56,250**	10,735
Solar energy income	**6,337**	5,497
	871,326	821,154

Note:

(i) No variable lease payments exist in all rental contracts.

Performance obligations

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

Construction services

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

Notes to the Consolidated Financial Statements

31 December 2023

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

(a) Revenue (continued)

Performance obligations (continued)

Management services

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

	2023 US$'000	2022 US$'000
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods:		
Management fee	**173,152**	104,773

Solar energy sales

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

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 are as follows:

	2023 US$'000	2022 US$'000
Within one year	**71,550**	54,152
After one year	**23,016**	63,894
	94,566	118,046

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

Notes to the Consolidated Financial Statements

31 December 2023

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

(b) Other income and gains, net

	Notes	2023 US$'000	2022 US$'000
Changes in carrying value of financial assets at fair value through profit or loss		1,159	8,040
Changes in fair value of financial derivative assets		(4,146)	6,191
Dilution gain of interests in investment in an associate		4,105	—
Dividend income		84,279	136,858
Exchange gain		—	1,011
Fair value gains on investment properties under construction	18	189,509	132,264
Fair value (losses)/gains on completed investment properties	18	(1,787)	63,167
Fair value (losses)/gains on assets held for sale		(4,667)	5,391
Gain/(loss) on disposal of interests in financial assets at fair value through profit or loss		2,145	(883)
Gain on early redemption of convertible bonds		17,181	—
Gain on disposal of asset held for sale		1,378	—
Gain on disposal of investment properties		18,658	50,623
Gain on disposal of other assets		—	2,291
Gain on disposal of subsidiaries	36	24,072	48,659
Interest income		32,885	16,867
(Loss)/gain on disposal of interests in joint ventures and associates		(1,188)	11,116
Others		12,893	28,578
		376,476	510,173

Notes to the Consolidated Financial Statements

31 December 2023

6. PROFIT BEFORE TAX

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

(a) Employee benefit expense

	2023 US$'000	2022 US$'000
Wages and salaries (including directors' and chief executive's remuneration)	**241,470**	256,721
Share-based compensation expense (note 42)	**19,178**	26,543
Pension scheme contributions*	**10,981**	11,077
	271,629	294,341

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

(b) Other items

	Notes	2023 US$'000	2022 US$'000
Amortisation of other intangible assets (note (i))	20	**31,293**	30,261
Auditor of the Company:			
— Audit services		**4,352**	2,594
— Non-audit services		**776**	762
Other auditors:			
— Audit services		**702**	2,116
— Non-audit services		**604**	1,288
Construction cost (note (ii))		**36,549**	9,802
Depreciation of property, plant and equipment	13	**6,350**	5,589
Depreciation of right-of-use assets	14	**12,700**	12,013
Entertainment fee		**3,966**	3,514
Impairment of goodwill		**13,571**	—
Impairment of investments in joint ventures and associates		**5,172**	—
Impairment of trade receivables and other receivables and bad debt written off		**774**	15,017
Impairment of other intangible assets	20	**15,596**	541
Loss on disposal of items of property, plant and equipment		**234**	1,115
Other tax expenses		**15,904**	15,031
Professional service fee		**37,657**	68,466

Note:

(i) Amortisation of other intangible assets for the year are included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

(ii) The construction costs for the year are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

31 December 2023

7. FINANCE COSTS

	2023 US$'000	2022 US$'000
Interest expense on bank loans	**298,168**	187,665
Interest expense on other borrowings	**1,587**	1,619
Interest expense on bonds	**17,169**	27,699
Interest expense on convertible bonds	**3,922**	5,250
Interest accretion on convertible bonds (note (i))	**7,979**	10,284
Interest expense on lease liabilities	**1,803**	1,347
	330,628	233,864
Less: Interest capitalised	**(17,727)**	(11,449)
	312,901	222,415

Note:

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

Notes to the Consolidated Financial Statements

31 December 2023

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

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

	2023 US$'000	2022 US$'000
Directors' fees	**4,032**	4,957
Other emoluments:		
Salaries, allowances and benefits in kind	**2,006**	4,903
Share-based compensation expense (note (i))	**2,296**	2,276
	4,302	7,179
	8,334	12,136

Note:

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

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

(a) Independent non-executive directors

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

	2023 US$'000	2022 US$'000
Mr Brett Harold Krause	**90**	90
Mr Robin Tom Holdsworth (note (i))	**—**	33
The Right Honourable Sir Hugo George William Swire, KCMG (note (i))	**—**	40
Mr Simon James McDonald	**90**	90
Ms Jingsheng Liu (劉京生)	**65**	65
Ms Serene Siew Noi Nah (note (ii))	**73**	51
Ms Wei-Lin Kwee (note (iii))	**57**	34
	375	403

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

Notes to the Consolidated Financial Statements

31 December 2023

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

(b) Executive directors and non-executive directors

2023

	Directors' fees US$'000	Salaries, allowances and benefits-in-kind US$'000	Share-based compensation expense US$'000	Total US$'000
Executive directors:				
Mr Jinchu Shen (沈晉初)	1,800	675	1,148	3,623
Mr Stuart Gibson	1,800	675	1,148	3,623
	3,600	1,350	2,296	7,246
Non-executive directors:				
Mr Jeffrey David Perlman	—	—	—	—
Mr Charles Alexander Portes	—	—	—	—
Mr Wei Hu (胡偉) (note iv)	—	—	—	—
Mr Hwee Chiang Lim	19	656	—	675
Dr Kwok Hung Justin Chiu	19	—	—	19
Mr Rajeev Veeravalli Kannan	19	—	—	19
	57	656	—	713
	3,657	2,006	2,296	7,959

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

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

Notes:

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

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

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

(iv) Mr Wei Hu retired at the AGM held on 7 June 2023.

Notes to the Consolidated Financial Statements

31 December 2023

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

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

2022

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

Notes:

(i) Mr David Alasdair William Matheson retired at the AGM held on 1 June 2022.

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

Notes to the Consolidated Financial Statements

31 December 2023

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2022: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 US$'000	2022 US$'000
Salaries, allowances and benefits-in-kind	**5,706**	6,236
Share-based compensation expense	**1,227**	5,270
Pension scheme contributions	**25**	169
	6,958	11,675

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

	Number of employees	
	2023	2022
HK$14,500,001 to HK$15,000,000	**1**	—
HK$18,000,001 to HK$18,500,000	**1**	—
HK$21,000,001 to HK$21,500,000	**1**	—
HK$25,000,001 to HK$25,500,000	**—**	1
HK$27,000,001 to HK$27,500,000	**—**	1
HK$39,000,001 to HK$39,500,000	**—**	1
	3	3

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

10. INCOME TAX EXPENSE

	2023 US$'000	2022 US$'000
Current tax	**103,268**	132,489
Deferred tax (note 29)	**22,914**	51,527
	126,182	184,016

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

During the year, Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the assessable profits arising in Hong Kong.

Notes to the Consolidated Financial Statements

31 December 2023

10. INCOME TAX EXPENSE (continued)

During the year, the subsidiaries incorporated in China are subject to China income tax at the rate of 25% (2022: 25%).

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

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

	2023 US$'000	2022 US$'000
Profit before tax	**394,238**	815,125
Tax at the statutory tax rates	**99,198**	177,391
Losses/(profits) attributable to joint ventures and associates	**5,595**	(28,731)
Income not subject to tax	**(29,908)**	(62,194)
Non-deductible expenses	**23,788**	12,080
Effect of withholding tax	**26,193**	75,477
Unrecognised deductible temporary differences	**220**	5,066
Adjustment of current tax of previous periods	**(5,760)**	(3,302)
Utilisation of tax losses not recognised in previous periods	**(692)**	(37)
Tax losses not recognised	**7,358**	7,742
Previous period tax losses recognised in current period	**(112)**	(426)
Others	**302**	950
Tax charge	**126,182**	184,016

During the year, the share of tax attributable to joint ventures and associates of US$5,595,000 (2022: US$28,731,000) is included in "Share of profits and losses of joint ventures and associates, net" in the consolidated statement of profit or loss and other comprehensive income.

Pillar Two income taxes

As stated in note 2.2(d), the Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has not been enacted in Singapore, the jurisdiction in which the Company is considered as tax resident. However, it has been announced that the rules on Pillar Two will come into effect from 1 January 2025. Under the legislation, ESR group is liable to pay a top-up tax for the difference between its Pillar Two effective tax rate per jurisdiction and the 15% minimum rate. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation will be effective for the Group's financial year beginning 1 January 2024. Since the Pillar Two legislation is not effective at the reporting date, ESR group has no related current tax exposure.

The Group is still in the process of assessing the potential exposure to Pillar Two income taxes. Potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable.

Notes to the Consolidated Financial Statements

31 December 2023

11. DIVIDENDS

On 22 March 2023, the board of directors declared a final dividend of HK$12.5 cents (2021: nil) per ordinary share for the financial year ended 31 December 2022, amounting to US$69,886,000 (2021: nil).

The final dividend of US$69,886,000 was paid by the Company during the financial year ended 31 December 2023.

On 23 August 2023, the board of directors declared an interim dividend of HK$12.5 cents per ordinary share for the financial year ended 31 December 2023 (2022: interim dividend of HK$12.5 cents per ordinary share for the financial year ended 31 December 2022), amounting to US$69,744,000 (2022 interim dividend: US$70,777,000).

The interim dividend of US$69,744,000 was paid by the Company during the financial year ended 31 December 2023 (2022 interim dividend of US$70,777,000 was paid during the financial year ended 31 December 2022).

On 21 March 2024, the board of directors declared a final dividend of HK$12.5 cents per ordinary share for the financial year ended 31 December 2023 (2022: final dividend of HK$12.5 cents per ordinary share for the financial year ended 31 December 2022), amounting to approximately US$67,000,000 (2022: US$69,886,000).

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

Basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Company (excluding distributions to holders of perpetual capital securities issued by a subsidiary) by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares of 4,381,869,000 (2022: 4,456,506,000) in issue during the year.

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

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

	2023 US$'000	**2022 US$'000**
Earnings:		
Profit attributable to owners of the Company	**230,849**	574,145
Distributions to holders of perpetual capital securities issued by a subsidiary	**(27,215)**	—
Profit used to determine basic earnings per share	**203,634**	574,145

	2023 '000	**2022 '000**
Number of shares:		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	**4,381,869**	4,456,506
Effect of dilution–weighted average number of ordinary shares:		
Share options and Long Term Incentive Scheme issued by the Company	**23,500**	36,314
	4,405,369	4,492,820

Notes to the Consolidated Financial Statements

31 December 2023

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

Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company (excluding distributions to holders of perpetual capital securities issued by a subsidiary) of US$203,634,000, and the weighted average number of ordinary shares of, after adjustment for the effect of share options and Long Term Incentive Scheme issued by the Company, 4,405,369,000 (31 December 2022: 4,492,820,000) during the year.

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles US$'000	Machinery US$'000	Leasehold improvements US$'000	Construction in progress US$'000	Others US$'000	Total US$'000
31 December 2023						
At 1 January 2023:						
Cost	1,110	34,731	4,249	4,791	20,467	65,348
Accumulated depreciation	(482)	(5,856)	(2,241)	—	(12,947)	(21,526)
Net carrying amount	628	28,875	2,008	4,791	7,520	43,822
At 1 January 2023, net of accumulated depreciation	628	28,875	2,008	4,791	7,520	43,822
Additions	—	3,657	152	11,024	1,837	16,670
Acquisition of subsidiaries	—	—	—	—	129	129
Disposals	—	—	—	—	(234)	(234)
Disposal of subsidiaries	—	—	—	—	(3)	(3)
Depreciation provided during the year	(161)	(1,934)	(1,153)	—	(3,102)	(6,350)
Reclassification	—	—	—	87	(87)	—
Transfer from construction in progress	—	5,697	1,842	(7,539)	—	—
Exchange realignment	1	(2,276)	(44)	(94)	(85)	(2,498)
At 31 December 2023, net of accumulated depreciation	468	34,019	2,805	8,269	5,975	51,536
At 31 December 2023:						
Cost	1,081	41,347	6,182	8,269	21,124	78,003
Accumulated depreciation	(613)	(7,328)	(3,377)	—	(15,149)	(26,467)
Net carrying amount	468	34,019	2,805	8,269	5,975	51,536

Notes to the Consolidated Financial Statements

31 December 2023

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

At 31 December 2023, certain of the Group's property, plant and equipment with a carrying amount of US$32,162,000 (2022: US$28,875,000) were pledged to secure certain bank and other borrowings of the Group as disclosed in note 25.

Notes to the Consolidated Financial Statements

31 December 2023

14. RIGHT-OF-USE ASSETS

	Office premises US$'000	Equipment US$'000	Total US$'000
31 December 2023			
At 1 January 2023:			
Cost	67,081	3,080	70,161
Accumulated depreciation	(38,452)	(710)	(39,162)
Net carrying amount	28,629	2,370	30,999
At 1 January 2023, net of accumulated depreciation	28,629	2,370	30,999
Additions	11,367	95	11,462
Depreciation provided during the year	(12,550)	(150)	(12,700)
Disposals	(38)	—	(38)
Modifications	(11)	—	(11)
Exchange realignment	(184)	(172)	(356)
At 31 December 2023, net of accumulated depreciation	27,213	2,143	29,356
At 31 December 2023:			
Cost	74,605	2,947	77,552
Accumulated depreciation	(47,392)	(804)	(48,196)
Net carrying amount	27,213	2,143	29,356
31 December 2022			
At 1 January 2022:			
Cost	25,552	3,517	29,069
Accumulated depreciation	(19,486)	(643)	(20,129)
Net carrying amount	6,066	2,874	8,940
At 1 January 2022, net of accumulated depreciation	6,066	2,874	8,940
Additions	25,590	33	25,623
Acquisition of subsidiaries	14,738	—	14,738
Depreciation provided during the year	(11,858)	(155)	(12,013)
Disposals	(2,680)	—	(2,680)
Modifications	(2,652)	—	(2,652)
Exchange realignment	(575)	(382)	(957)
At 31 December 2022, net of accumulated depreciation	28,629	2,370	30,999
At 31 December 2022:			
Cost	67,081	3,080	70,161
Accumulated depreciation	(38,452)	(710)	(39,162)
Net carrying amount	28,629	2,370	30,999

Notes to the Consolidated Financial Statements

31 December 2023

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Share of net assets from joint ventures	**948,256**	916,766
Share of net assets from associates	**1,791,795**	1,637,406
Goodwill on interests in joint ventures and associates	**130,582**	2
	2,870,633	2,554,174
Shareholder loan to joint ventures	**510,922**	401,642
	3,381,555	2,955,816

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

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

Name	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities	Classified as investment in
e-Shang Star Cayman Limited ("**e-Shang Star**")	Cayman Islands	25.6455%	25.6455%	25.6455%	Investment holding	Joint venture
Sunwood Star Pte. Ltd. ("**Sunwood Star**")	Singapore	20.00%	20.00%	20.00%	Investment holding	Joint venture
ESR GIC Limited ("**ESR-GIC**")	British Virgin Islands	51.00%	51.00%	51.00%	Investment holding	Joint venture
ESR Milestone Partnership ("**EMP**")	Australia	20.00%	20.00%	20.00%	Investment holding	Associate
Cromwell Property Group	Australia	30.69%	30.69%	30.69%	Property investment, funds management, property management and property development	Associate
Kenedix, Inc	Japan	30.00%	30.00%	30.00%	Fund management	Associate
BW Industrial Development Joint Stock Company ("**BW**")	Vietnam	15.57%	note (i)	15.57%	Warehousing and storage business, property management and property development	Associate

note (i) — The Group has voting power of 15.57% at shareholder meeting, and 1 vote at board of director meeting.

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

Unanimous agreements of all joint venture parties are required for key investments and operational decisions in joint ventures.

Investments in joint ventures and associates with a carrying amount of US$405,721,000 (2022: US$434,221,000) were pledged to secure certain bank and other borrowings of the Group (note 25).

As of 31 December 2023, the fair value of a material associate based on its quoted market price was amounted to US$228,402,000 (2022: US$361,433,000).

Notes to the Consolidated Financial Statements

31 December 2023

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

	e-Shang Star US$'000	Sunwood Star US$'000	ESR-GIC US$'000	EMP US$'000	Cromwell Property Group US$'000	Kenedix, Inc US$'000	BW US$'000
31 December 2023							
Cash and bank balances	132,986	18,070	40,316	5,588	105,557	354,832	421,609
Other current assets	25,778	4,399	34,631	6,047	463,437	1,544,618	178,377
Current assets	158,764	22,469	74,947	11,635	568,994	1,899,450	599,986
Non-current assets	1,977,231	1,887,033	869,585	2,455,930	2,039,016	825,526	1,941,354
Financial liabilities, excluding trade and other payables	—	80	14,826	523	211,318	171,163	27,978
Other current liabilities	253,173	5,968	44,846	18,107	233,918	68,677	82,852
Current liabilities	253,173	6,048	59,672	18,630	445,236	239,840	110,830
Non-current financial liabilities, excluding trade and other payables	481,205	203,313	288,377	1,247,506	873,622	1,467,382	835,371
Other non-current liabilities	243,110	8,303	61,884	—	11,571	51,306	174,168
Non-current liabilities	724,315	211,616	350,261	1,247,506	885,193	1,518,688	1,009,539
Net assets	1,158,507	1,691,838	534,599	1,201,429	1,277,581	966,448	1,420,971
Proportion of the Group's ownership	25.6455%	20.00%	51.00%	20.00%	30.69%	30.00%	15.57%
Group's share of net assets of the joint ventures and associates, excluding goodwill	285,163	338,191	269,721	240,286	441,988	405,721	218,019
Goodwill on interests in joint ventures and associates	—	—	—	—	—	—	130,580
Carrying amount of the investment	285,163	338,191	269,721	240,286	441,988	405,721	348,599
Revenue	84,216	31,137	12,070	138,966	234,570	725,619	66,569
Interest income	633	2,050	—	1,111	—	—	8,073
Interest expenses	(38,337)	(5,396)	(10,407)	(70,603)	(58,261)	(15,675)	(81,155)
Tax	(2,229)	157,574	(9,099)	—	(3,853)	(42,938)	(51,917)
Profit/(loss) for the year	(21,930)	287,409	23,699	(100,628)	(389,090)	81,421	140,492
Total comprehensive income/(loss) for the year	(21,930)	271,364	23,699	(114,460)	23,849	90,511	140,492
Distribution during the year	—	—	—	3,703	23,118	24,589	—

Notes to the Consolidated Financial Statements

31 December 2023

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

	e-Shang Star US$'000	Sunwood Star US$'000	ESR-GIC US$'000	EMP US$'000	Cromwell Property Group US$'000	Kenedix, Inc US$'000
31 December 2022						
Cash and bank balances	148,875	40,865	55,360	24,957	84,908	294,336
Other current assets	34,715	1,698	32,934	5,075	186,194	1,295,784
Current assets	183,590	42,563	88,294	30,032	271,102	1,590,120
Non-current assets	2,006,918	1,785,020	791,122	2,538,770	2,915,134	622,520
Financial liabilities, excluding trade and other payables	—	—	4,196	—	51,012	21,559
Other current liabilities	56,386	7,741	87,360	12,996	54,905	46,326
Current liabilities	56,386	7,741	91,556	12,996	105,917	67,885
Non-current financial liabilities, excluding trade and other payables	695,469	226,200	232,998	1,521,015	1,366,987	1,237,775
Other non-current liabilities	247,178	175,240	46,857	—	805	10,057
Non-current liabilities	942,647	401,440	279,855	1,521,015	1,367,792	1,247,832
Net assets	1,191,475	1,418,402	508,005	1,034,791	1,712,527	896,923
Proportion of the Group's ownership	25.6455%	20.00%	51.00%	20.00%	30.69%	30.00%
Carrying amount of the investment	288,580	283,506	256,040	206,958	575,043	434,221
Revenue	88,480	31,858	4,255	128,127	257,377	565,555
Interest income	407	2,108	—	209	—	—
Interest expenses	(31,569)	(6,065)	(2,760)	(40,207)	(56,756)	(11,686)
Tax	(48,879)	(32,731)	(30,276)	—	2,841	(40,714)
Profit for the year	124,676	232,516	85,373	68,110	832	90,087
Total comprehensive income for the year	124,676	153,080	85,373	85,441	7,207	94,551
Distribution during the year	2,565	57,337	—	4,628	33,417	22,962

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

	2023 US$'000	2022 US$'000
Share of the joint ventures and associates' profit for the year	**3,736**	61,311
Share of the joint ventures and associates' total comprehensive income for the year	**1,971**	68,540
Aggregate carrying amount of the Group's investments in the joint ventures and associates	**1,051,886**	911,468

Notes to the Consolidated Financial Statements

31 December 2023

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Current		
Listed equity investments, at fair value (note (i))	**34,494**	21,883
Non-current		
Unquoted equity interests, at fair value (note (ii))	**802,820**	752,851
	837,314	774,734

Notes:

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

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

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

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Listed equity investments, at fair value	**820,246**	781,180
Unlisted equity investments, at fair value	**230,196**	195,215
	1,050,442	976,395

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

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

As at 31 December 2023, the above equity investments of US$1,050,442,000 (2022: US$976,395,000) were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the year, the Group recognised loss arising from its equity investments amounted to US$86,251,000 (2022: US$186,003,000) in other comprehensive income. The Group also recognised dividend income in respect of its equity investments amounted to US$60,313,000 (2022: US$79,967,000) in the statement of profit or loss.

Notes to the Consolidated Financial Statements

31 December 2023

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

The listed equity investments comprise the following:

	Fair value as at 31 December 2023 US$'000
Hong Kong Exchanges and Clearing Limited ("**HKEX**")	
• Investment A	4,209
Singapore Exchange Securities Trading Limited ("**SGX**")	
• Investment B	311,448
• Investment C	71,616
• Investment D	101,144
• Investment E	266,188
Korea Exchange ("**KRX KOSPI**")	
• Investment F	65,641
	820,246

Listed equity investments at market value with a fair value of US$197,545,000 as at 31 December 2023 (2022: US$157,207,000) have been pledged to secure certain bank and other borrowings of the Group (note 25).

Notes to the Consolidated Financial Statements

31 December 2023

18. INVESTMENT PROPERTIES

	Completed investment properties US$'000	Investment properties under construction US$'000	Total US$'000
At 1 January 2022	2,197,783	1,506,460	3,704,243
Additions	119,405	784,188	903,593
Acquisition of subsidiaries	198,979	134,746	333,725
Changes in fair values of investment properties	63,167	132,264	195,431
Transfer from investment properties under construction to completed investment properties	148,906	(148,906)	—
Transfer from completed investment properties to investment properties under construction for redevelopment	(65,659)	65,659	—
Reclassification to assets of a disposal group held for sale	(288,883)	(4,005)	(292,888)
Disposals	(117,089)	(146,750)	(263,839)
Disposal of subsidiaries	(831,380)	(97,971)	(929,351)
Exchange realignment	(165,110)	(163,572)	(328,682)
At 31 December 2022 and 1 January 2023	**1,260,119**	**2,062,113**	**3,322,232**
Additions	**2,686**	**317,391**	**320,077**
Changes in fair values of investment properties	**(1,787)**	**189,509**	**187,722**
Transfer from investment properties under construction to completed investment properties	**870,080**	**(870,080)**	**—**
Reclassification to assets of a disposal group held for sale	**—**	**(3,233)**	**(3,233)**
Disposals	**—**	**(42,836)**	**(42,836)**
Disposal of subsidiaries (note 36)	**(134,042)**	**(332,826)**	**(466,868)**
Exchange realignment	**(34,236)**	**(81,486)**	**(115,722)**
At 31 December 2023	**1,962,820**	**1,238,552**	**3,201,372**

	For the year ended 31 December 2023 US$'000
Statement of profit or loss and other comprehensive income	
Rental income from investment property	**71,992**
Direct operating expenses arising from	
— investment properties generating rental income	**16,222**
— investment properties not generating rental income	**3,608**

Notes to the Consolidated Financial Statements

31 December 2023

18. INVESTMENT PROPERTIES (continued)

(a) All completed investment properties and investment properties under construction of the Group were revalued at 31 December 2023 based on valuation performed by independent professionally qualified valuers, Colliers Appraisal & Advisory Services Co. Ltd., Jones Lang LaSalle Property Consultants India Private Limited., JLL Morii Valuation & Advisory K.K., Jones Land LaSalle Corporate Appraisal and Advisory Limited, and Cushman & Wakefield K.K., at fair value. They are industry specialists in investment properties valuation.

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

(b) Completed investment properties leased out under operating leases

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

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Within one year	**57,915**	58,891
After one year but within two years	**45,853**	69,345
After two years but within three years	**24,917**	17,044
After three years but within four years	**15,102**	5,409
After four years but within five years	**9,079**	3,123
After five years	**3,124**	6,043
	155,990	159,855

(c) Certain of the Group's completed investment properties and investment properties under construction with a fair value of US$2,896,812,000 (2022: US$2,802,672,000) were pledged to secure bank and other borrowings granted to the Group as disclosed in note 25.

Notes to the Consolidated Financial Statements

31 December 2023

18. INVESTMENT PROPERTIES (continued)

(d) Fair value hierarchy

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

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Quoted prices in active markets (Level 1)	—	—
Significant observable inputs (Level 2)	112,856	698,023
Significant unobservable inputs (Level 3)	3,088,516	2,624,209
	3,201,372	3,322,232

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 (2022: nil).

The movement in fair value measurements within Level 3 during the years ended 31 December 2023 and 2022 are as follows:

	2023 US$'000	2022 US$'000
At 1 January	2,624,209	3,250,778
Additions	215,272	258,701
Acquisition of subsidiaries	—	44,941
Changes in fair value of investment properties	180,203	178,232
Transfer from Level 2 to Level 3	557,190	153,438
Reclassification to assets held for sale	(3,233)	(239,902)
Disposal of subsidiaries	(337,536)	(720,435)
Disposal	(32,203)	—
Exchange realignment	(115,386)	(301,544)
At 31 December	3,088,516	2,624,209

Notes to the Consolidated Financial Statements

31 December 2023

18. INVESTMENT PROPERTIES (continued)

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

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

Investment property details	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Logistics Facility, Data Centres, Land	Income capitalisation	**Capitalisation rate:** China: 5.40% to 7.00% (2022: 5.40% to 6.85%) Japan: 3.30% to 4.80% (2022: 3.80% to 5.10%) Hong Kong: N/A (2022: 3.00%) India: N/A (2022: 7.75%)	The estimated fair value varies inversely against capitalisation rate
	Discounted cash flows	**Discount rate:** China: 7.25% to 9.00% (2022: 7.25% to 9.00%) Japan: 3.10% to 4.70% (2022: 3.80% to 5.00%) Hong Kong: N/A (2022: 7.00%) India: 11.27% to 14.50% (2022: 9.83% to 13.85%)	The estimated fair value varies inversely against the discount rate
		Terminal capitalisation rate: China: 4.25% to 6.25% (2022: 4.25% to 6.25%) Japan: 3.50% to 5.20% (2022: 3.90% to 5.50%) Hong Kong: N/A (2022: 3.00%) India: 7.50% (2022: 7.50%)	The estimated fair value varies inversely against the terminal capitalisation rate

Notes to the Consolidated Financial Statements

31 December 2023

19. GOODWILL

	US$'000
At 1 January 2022	
Cost	542,636
Accumulated impairment	—
Net carrying amount	542,636
Cost at 1 January 2022, net of accumulated impairment	542,636
Acquisition of subsidiaries	2,912,862
At 31 December 2022	3,455,498
At 31 December 2022	
Cost	3,455,498
Accumulated impairment	—
Net carrying amount	3,455,498
Cost at 1 January 2023, net of accumulated impairment	3,455,498
Acquisition of subsidiaries (note 34)	27,075
Impairment	(13,571)
Exchange realignment	440
At 31 December 2023	3,469,442
At 31 December 2023	
Cost	3,483,013
Accumulated impairment	(13,571)
Net carrying amount	3,469,442

Impairment testing of goodwill

As of 31 December 2023, the Group's goodwill is allocated to the Redwood asset management business cash-generating unit, Infinitysub asset management business cash-generating unit, ESR Australia asset management business cash-generating unit, SIP asset management business cash-generating unit, and ARA asset management business cash-generating unit for impairment testing.

Redwood asset management business cash-generating unit

The recoverable amount of the Redwood assets management business cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10.2%. The growth rate used to extrapolate the cash flows of the Redwood asset management business cash-generating unit beyond the five-year period is 2.0%. This growth rate is based on the average growth rate of the management fee in which the business operates. Management believes that this growth rate is reasonable. The Company has engaged independent professionally qualified valuers for the impairment assessment.

Infinitysub asset management business cash-generating unit

The recoverable amount of the Infinitysub asset management business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 8.5%. The growth rate used to extrapolate the cash flows of the Infinitysub business cash-generating unit beyond the five-year period is 2.5%. This growth rate is based on the average growth rate of the management fee in which the business operates. Management believes that this growth rate is reasonable. The Company has engaged independent professionally qualified valuers for the impairment assessment.

Notes to the Consolidated Financial Statements

31 December 2023

19. GOODWILL (continued)

Impairment testing of goodwill (continued)

ESR Australia asset management business cash-generating unit

The recoverable amount of ESR Australia asset management business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 9.6%. The growth rate used to extrapolate the cash flows of the ESR Australia asset management business cash-generating unit beyond the five-year period is 2.5%. This growth rate is based on the average growth rate of the management fee in which the business operates. Management believes that this growth rate is reasonable.

SIP asset management business cash-generating unit

Pursuant to the results of an Extraordinary General Meeting ("**EGM**"), resolution was passed to internalise the REIT management function of Sabana REIT that is managed by an indirect subsidiary of the Group ('the REIT Manager"). Management has assessed that the outcome of the internalisation of the REIT Manager which is administered by the Trustee of Sabana REIT is not within the control of the Group. Consequently, goodwill impairment loss of US$13,571,000 has been provided in financial year ended 31 December 2023. The impairment loss is included in Administrative Expenses.

ARA asset management business cash-generating unit

The recoverable amount of ARA asset management business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 8.5%. The growth rate used to extrapolate the cash flows of the ARA business cash-generating unit beyond the five-year period is 2.5%. This growth rate is based on the average growth rate of the management fee in which the business operates. Management believes that this growth rate is reasonable. The Company has engaged independent professionally qualified valuers for the impairment assessment.

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

Notes to the Consolidated Financial Statements

31 December 2023

19. GOODWILL (continued)

Impairment testing of goodwill (continued)

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

Asset management business	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Redwood	**210,480**	210,480
Infinitysub	**34,370**	34,370
ESR Australia	**284,216**	284,216
SIP	**—**	13,570
ARA	**2,940,376**	2,912,862
Total	**3,469,442**	3,455,498

Assumptions were used in the value-in-use calculation of the Group's cash-generating unit for 31 December 2023 and 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

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

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

Notes to the Consolidated Financial Statements

31 December 2023

20. OTHER INTANGIBLE ASSETS

	Software US$'000	Management contracts US$'000	Trust management rights with indefinite useful lives US$'000 (note (i),(ii) and (iii))	Customer contracts US$'000	Others US$'000	Total US$'000
31 December 2023						
At 1 January 2023:						
Cost	**3,855**	**199,650**	**1,178,477**	**3,649**	**2,344**	**1,387,975**
Accumulated amortisation	**(2,916)**	**(58,656)**	**—**	**(3,649)**	**—**	**(65,221)**
Net carrying amount	**939**	**140,994**	**1,178,477**	**—**	**2,344**	**1,322,754**
At 1 January 2023, net of accumulated amortisation	**939**	**140,994**	**1,178,477**	**—**	**2,344**	**1,322,754**
Additions	**759**	**10,646**	**—**	**—**	**—**	**11,405**
Acquisition of subsidiaries (note 34)	**—**	**14,117**	**—**	**—**	**—**	**14,117**
Amortisation provided during the year	**(553)**	**(30,740)**	**—**	**—**	**—**	**(31,293)**
Impairment	**—**	**—**	**(15,596)**	**—**	**—**	**(15,596)**
Reversal of impairment	**—**	**—**	**—**	**—**	**344**	**344**
Exchange realignment	**116**	**387**	**725**	**—**	**(23)**	**1,205**
At 31 December 2023	**1,261**	**135,404**	**1,163,606**	**—**	**2,665**	**1,302,936**
At 31 December 2023:						
Cost	**4,509**	**224,957**	**1,163,606**	**3,678**	**2,665**	**1,399,415**
Accumulated amortisation	**(3,248)**	**(89,553)**	**—**	**(3,678)**	**—**	**(96,479)**
Net carrying amount	**1,261**	**135,404**	**1,163,606**	**—**	**2,665**	**1,302,936**
31 December 2022						
At 1 January 2022:						
Cost	1,920	55,553	74,095	3,927	892	136,387
Accumulated amortisation	(1,551)	(29,215)	—	(3,927)	—	(34,693)
Net carrying amount	369	26,338	74,095	—	892	101,694
At 1 January 2022, net of accumulated amortisation	369	26,338	74,095	—	892	101,694
Additions	450	—	—	—	1,830	2,280
Acquisition of subsidiaries	569	146,000	1,104,000	—	467	1,251,036
Amortisation provided during the year	(402)	(29,859)	—	—	—	(30,261)
Disposals	(1)	—	—	—	—	(1)
Reclassification to fixed assets	—	—	—	—	(208)	(208)
Impairment	—	—	—	—	(541)	(541)
Exchange realignment	(46)	(1,485)	382	—	(96)	(1,245)
At 31 December 2022	939	140,994	1,178,477	—	2,344	1,322,754
At 31 December 2022:						
Cost	3,855	199,650	1,178,477	3,649	2,344	1,387,975
Accumulated amortisation	(2,916)	(58,656)	—	(3,649)	—	(65,221)
Net carrying amount	939	140,994	1,178,477	—	2,344	1,322,754

Notes to the Consolidated Financial Statements

31 December 2023

20. OTHER INTANGIBLE ASSETS (continued)

Notes:

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

The Group's trust management rights have indefinite useful lives and are allocated to the Group's SIP asset management business, which is treated as a cash-generating unit for impairment testing. Intangible asset impairment loss of US$15,596,000 has been provided in financial year ended 31 December 2023. The impairment loss is included in Administrative Expenses. Further details of the impairment test of the SIP asset management business cash-generating unit are given in note 19.

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

In October 2018, the Group had acquired Viva Industrial Trust Management Pte. Ltd. ("**VITM**"), an asset management company providing trust management services in Singapore. Through the acquisition, the management rights of Viva Trust were transferred to ESR-LOGOS Funds Management (S) Limited ("**E-LOG FM**"), a subsidiary of Infinitysub and the manager of ESR-LOGOS REIT. VITM was subsequently dissolved in May 2021.

In May 2022, there was a merger between ESR-LOGOS REIT and ARA LOGOS Logistics Trust ("**ALOG Trust**"). Consequently, Infinitysub through E-LOG FM now provides trust management services to ESR-LOGOS REIT and its sub-trusts, namely Viva Trust and ALOG Trust (collectively, "**E-LOG Group**").

The trust management services are expected to continuously contribute to the net cash inflow of the Group.

The Group's trust management rights under Infinitysub are expected to have indefinite useful lives as the trust deeds constituting the aforementioned trusts do not limit the time period over which E-LOG FM may serve as the trusts' manager. Management considers Infinitysub asset management business of E-LOG Group as a single cash generating unit ("**CGU**") based on how it monitors the business and makes decisions regarding the assets and operations, in this regard management does not make a distinction between ESR-LOGOS REIT and its sub-trusts. The trust management rights under Infinitysub are therefore treated as a single CGU for impairment testing. Further details of the impairment test of the Infinitysub asset management business cash-generating unit are given in note 19.

(iii) In January 2022, the Group had acquired ARA Asset Management Limited and its subsidiaries ("**ARA Group**"), an asset management company providing trust management and property management services including in Singapore and Hong Kong. The Group's trust management rights are expected to have indefinite useful lives as the trust deed does not stipulate a fixed termination date until it is removed or the trust is terminated. Accordingly, the related trusts can exist perpetually. The trust management rights are allocated to the Group's ARA asset management business, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of the ARA asset management business cash-generating unit are given in note 19.

21. OTHER NON-CURRENT ASSETS

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Contract costs	**277**	375
Consideration receivable from disposal of subsidiaries	**2,222**	—
Due from joint ventures	**20,000**	7,998
Due from non-controlling interests of subsidiaries	**30,173**	25,184
Financial derivative assets	**13,235**	10,765
Investment in Optionally Convertible Debentures (note (i))	**5,902**	5,380
Investment in Non-convertible Debentures	**13,577**	10,622
Input tax recoverable	**23,458**	5,367
Loan receivables from third parties	**24,541**	41,583
Prepayments for acquiring land use rights	**169,393**	99,195
Prepayments for construction	**—**	1,700
Receivable from funds	**39,869**	3,758
Rental deposits	**5,661**	4,569
Rental income receivables	**707**	517
Others	**13,276**	10,427
	362,291	227,440

Notes to the Consolidated Financial Statements

31 December 2023

21. OTHER NON-CURRENT ASSETS (continued)

Notes:

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

The balances due from non-controlling interests of subsidiaries are non-trade in nature and unsecured. As at 31 December 2023, the balance of US$27,549,000 (2022: US$22,277,000) bears interest of 4.00% to 5.50% (2022: 4.00% to 5.50%) per annum. The remaining balance is non-interest bearing.

The balance due from joint ventures are non-trade in nature and unsecured. As at 31 December 2023, the balance of US$19,576,000 (2022: US$7,569,000) bears interest of 6.00% to 9.21% (2022: 6.00%) per annum. The remaining balance is non-interest bearing.

The receivable from funds are non-trade in nature and unsecured. As at 31 December 2023, the balance of US$39,869,000 (2022: Nil) bears interest of 3.00% to 15.00% per annum.

As at 31 December 2023 and 2022, other non-current assets of the Group were considered to be of low credit risk and thus the Group has assessed that the ECL for deposits was immaterial under the 12-month expected credit loss method.

22. TRADE RECEIVABLES

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Rental income receivables	**8,257**	6,414
Management fees due from the joint ventures and associates of the Group	**304,226**	109,757
Management fees due from funds and REITs managed by the Group	**231,697**	248,573
Management fees due from minority shareholders of subsidiaries	**514**	875
Construction income receivables	**3,195**	2,247
Solar energy income receivables	**102**	661
	547,991	368,527
Impairment	**(15,130)**	(15,039)
	532,861	353,488

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

Notes to the Consolidated Financial Statements

31 December 2023

22. TRADE RECEIVABLES (continued)

An aging analysis of the trade receivables as at 31 December 2023 and 2022, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Within 90 days	**510,818**	347,924
91 to 180 days	**6,347**	3,904
Over 180 days	**15,696**	1,660
Total	**532,861**	353,488

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

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
At beginning of year	**15,039**	—
Impairment losses	**470**	15,017
Exchange re-alignment	**(379)**	22
At end of year	**15,130**	15,039

The Group has applied the simplified approach to providing impairment for trade receivables prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs below also incorporate forward-looking information. The impairment as of 31 December 2023 and 2022 is determined as follows:

	As at 31 December 2023 Current	As at 31 December 2022 Current
Expected credit loss rate	**2.76%**	4.08%
Gross carrying amount (US$'000)	**547,991**	368,527
Impairment (US$'000)	**15,130**	15,039

Notes to the Consolidated Financial Statements

31 December 2023

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Contract assets	**16,768**	3,275
Consideration receivable from disposal of subsidiaries	**129,994**	7,406
Deductible value-added tax	**54,047**	63,417
Deposits for acquisition	**39,390**	61,820
Dividend receivable	**4,196**	8,487
Due from joint ventures	**6,423**	3,778
Due from associates	**2,705**	327
Due from related parties (note 40(d))	**10,488**	9,607
Due from non-controlling shareholders of subsidiaries	**8,054**	3,155
Investments in money market funds	**3,485**	—
Loan receivables from third parties	**81,431**	64,223
Prepayments on behalf of funds	**3,464**	2,963
Prepayments to suppliers	**15,181**	13,419
Receivable from funds	**132,539**	116,409
Other receivables	**57,093**	56,472
	565,258	414,758
Impairment	**(304)**	—
	564,954	414,758

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

As at 31 December 2023 and 2022, other receivables of the Group were considered to be of low credit risk and thus the Group has assessed that the ECL for other receivables was immaterial under the 12-month expected credit loss method.

24. CASH AND BANK BALANCES

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Cash and cash in bank	**915,657**	1,709,007
Non-pledged fixed time deposits with a maturity period over three months	**3,850**	—
Restricted bank balances	**81,429**	95,878
Pledged bank deposits (note 25)	**632**	2,030
	1,001,568	1,806,915

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

Notes to the Consolidated Financial Statements

31 December 2023

24. CASH AND BANK BALANCES (continued)

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

As at 31 December 2023, the fixed deposit of US$3,850,000 (2022: nil) had a maturity period of over 180 days. The balance as at 31 December 2023 was principal-protected and carried the rate of return of 1.85% per annum.

The pledged bank deposits at 31 December 2023 was denominated in JPY (2022: JPY). Pledged bank deposits earn interest at interest rates stipulated by the respective financial institutions. The pledged bank deposits represent the amounts pledged to secure bank and other borrowings granted to the Group (note 25).

As at 31 December 2023 and 2022, cash and bank balances and deposits of the Group and the Company were considered to be of low credit risk and thus the Group has assessed that the ECL for cash and bank balances was immaterial under the 12-month expected credit loss method.

25. BANK AND OTHER BORROWINGS

Group

	31 December 2023			31 December 2022		
	Effective interest rate (%)	Maturity	US$'000	Effective interest rate (%)	Maturity	US$'000
Current						
Bank loans — secured	**1.77–9.90**	**2024**	**111,904**	0.57–7.20	2023	53,744
Bank loans — unsecured	**3.55–7.67**	**2024**	**720,913**	2.20	2023	95,382
Other borrowings — unsecured	**10.00**	**2024**	**6,714**	0.50–10.00	2023	52,560
Bonds — unsecured	**4.15**	**2024**	**60,353**	4.25–6.00	2023	88,766
			899,884			290,452
Non-current						
Bank loans — secured	**0.62–9.90**	**2025–2043**	**1,221,658**	0.57–9.40	2024–2042	1,270,017
Bank loans — unsecured	**0.66–8.17**	**2025–2030**	**3,480,574**	1.75–7.98	2024–2027	3,392,381
Bonds — unsecured	**1.16–5.10**	**2025–2030**	**377,437**	4.15–5.10	2024–2025	224,727
			5,079,669			4,887,125
Convertible bonds (note 31)			**—**	5.03	2025	319,053
			5,079,669			5,206,178
			5,979,553			5,496,630

Notes to the Consolidated Financial Statements

31 December 2023

25. BANK AND OTHER BORROWINGS (continued)

Group (continued)

Debt maturity profile of bank and other borrowings:

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Bank loans repayable		
Within one year	832,817	149,126
In the second year	364,595	1,161,178
In the third to fifth year, inclusive	3,940,737	3,038,692
Beyond five years	396,900	462,528
	5,535,049	4,811,524
Bonds and other borrowings repayable		
Within one year	67,067	141,326
In the second year	168,745	59,199
In the third to fifth year, inclusive	138,889	484,581
Beyond five years	69,803	—
	444,504	685,106
	5,979,553	5,496,630

Company

	31 December 2023			31 December 2022		
	Effective interest rate(%)	Maturity	US$'000	Effective interest rate(%)	Maturity	US$'000
Current						
Bank loans — unsecured	7.27–7.67	2024	719,232	2.20	2023	95,382
			719,232			95,382
Non-current						
Bank loans — unsecured	0.66–8.17	2025–2030	2,768,335	1.75–7.98	2024–2027	2,863,760
Bonds — unsecured	1.16–5.10	2025–2030	377,437	5.10	2025	165,528
			3,145,772			3,029,288
Convertible bonds (note 31)			—	5.03	2025	319,053
			3,145,772			3,348,341
			3,865,004			3,443,723

Notes to the Consolidated Financial Statements

31 December 2023

25. BANK AND OTHER BORROWINGS (continued)

Company (continued)

Debt maturity profile of bank and other borrowings:

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Bank loans repayable		
Within one year	**719,232**	95,382
In the second year	**—**	993,071
In the third to fifth year, inclusive	**2,735,459**	1,870,689
Beyond five years	**32,876**	—
	3,487,567	2,959,142
Bonds and other borrowings repayable		
Within one year	**—**	—
In the second year	**168,745**	—
In the third to fifth year, inclusive	**138,889**	484,581
Beyond five years	**69,803**	—
	377,437	484,581
	3,865,004	3,443,723

Note:

As at 31 December 2023, certain of the Group's completed investment properties and investment properties under construction with a total fair value of US$2,896,812,000 (2022: US$2,802,672,000) (note 18(c)), property, plant and equipment with a carrying amount of US$32,162,000 (2022: US$28,875,000) (note 13), pledged bank deposits with an amount of US$632,000 (2022: US$2,030,000)(note 24), listed equity interests at market value with a fair value of US$197,545,000 (2022: US$157,207,000) (note 17), investment in an associate with a carrying amount of US$405,721,000 (2022: US$434,221,000) (note 15), and an asset held for sale of US$52,411,000 (2022: US$51,285,000), and equity interests of certain subsidiaries were pledged to secure bank and other borrowings granted to the Group.

26. LEASE LIABILITIES

	31 December 2023			31 December 2022		
	Effective interest rate (%)	Maturity	US$'000	Effective interest rate (%)	Maturity	US$'000
Current lease liabilities	**1–13**	**2024**	**11,367**	1–13	2023	10,403
Non-current lease liabilities	**1–13**	**2025–2043**	**20,590**	1–13	2024–2042	23,785
			31,957			34,188

Notes to the Consolidated Financial Statements

31 December 2023

27. NON-CURRENT LIABILITIES

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Amounts due to related parties (note (i))	**2,806**	2,599
Deferred revenue	**8,147**	4,917
Provision for long services payment and retirement pension	**263**	6,121
Long-term employee benefits liability	**6,512**	5,955
Redemption value of the option granted to non-controlling shareholders of a subsidiary (note (ii))	**112,864**	93,687
Security deposits	**7,808**	16,999
Others	**934**	1,598
	139,334	131,876

Note:

(i) The amounts due to related parties are non-trade in nature and unsecured. As at 31 December 2023, the balance bears interest of 11.82% to 12.25% per annum.

(ii) The redemption value of the option granted to non-controlling shareholders of a subsidiary represents liabilities of the Group to acquire interest owned by the non-controlling shareholders of a subsidiary, determined based on net asset fair value, as at 31 December 2023.

28. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLE

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Trade payables	**13,681**	16,722
Accruals	**70,730**	80,595
Consideration payable for acquisition of subsidiaries	**18,290**	27,122
Deferred revenue	**3,362**	2,718
Interest payable	**19,894**	26,713
Due to non-controlling shareholders of subsidiaries	**7,707**	7,537
Due to related parties	**15,088**	3,854
Other tax payable	**14,718**	9,300
Payables for addition to property, plant and equipment and investment properties	**110,474**	126,092
Payable to a fund	**2,402**	2,713
Rental income received in advance	**1,528**	1,737
Staff payroll and welfare payables	**70,084**	85,791
Others	**12,751**	12,598
	360,709	403,492

Notes to the Consolidated Financial Statements

31 December 2023

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

An aging analysis of the trade payables as at 31 December 2023 and 2022, based on the invoice date, is as follows:

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Within 30 days	**11,939**	13,932
30 to 60 days	**156**	256
Over 60 days	**1,586**	2,534
Total	**13,681**	16,722

The amounts due to related parties are non-trade in nature, unsecured and payable on demand. As at 31 December 2023, the balance of US$410,000 (2022: Nil) bears an interest of 6.10% per annum. The remaining balance is interest free.

29. DEFERRED TAX

The movements in deferred tax assets during the years ended 31 December 2023 and 2022 are as follows:

	Losses available for offsetting against future taxable profits US$'000	Employee benefit payable US$'000	Accrued expenses US$'000	Transaction costs from acquisition of subsidiaries US$'000	Others US$'000	Total US$'000
31 December 2023						
At 1 January 2023	**43,577**	**2,981**	**4,175**	**46,051**	**4,492**	**101,276**
Deferred tax credited/(charged) to profit or loss during the year	**(771)**	**99**	**(31)**	**(12,194)**	**607**	**(12,290)**
Exchange realignment	**(103)**	**58**	**(67)**	**92**	**(96)**	**(116)**
At 31 December 2023	**42,703**	**3,138**	**4,077**	**33,949**	**5,003**	**88,870**
31 December 2022						
At 1 January 2022	31,099	1,585	9,940	69,622	2,710	114,956
Acquisition of subsidiaries	982	1,075	99	—	802	2,958
Deferred tax credited/(charged) to profit or loss during the year	17,595	497	(5,135)	(19,644)	2,448	(4,239)
Disposal of subsidiaries	(3,204)	—	(132)	—	(1,209)	(4,545)
Exchange realignment	(2,895)	(176)	(597)	(3,927)	(259)	(7,854)
At 31 December 2022	43,577	2,981	4,175	46,051	4,492	101,276

Notes to the Consolidated Financial Statements

31 December 2023

29. DEFERRED TAX (continued)

The movements in deferred tax liabilities during the years ended 31 December 2023 and 2022 are as follows:

	Fair value adjustments of investment properties US$'000	Gain on fair value change of financial assets at fair value through profit or loss US$'000	Fair value adjustments arising from acquisition of subsidiaries US$'000	Unbilled revenue US$'000	Others US$'000	Total US$'000
31 December 2023						
At 1 January 2023	**250,762**	**7,100**	**322,827**	**20,751**	**16,064**	**617,504**
Acquisition of subsidiaries	**—**	**—**	**—**	**—**	**36**	**36**
Deferred tax charged/(credited) to profit or loss during the year	**23,403**	**761**	**(9,711)**	**(2,679)**	**(1,150)**	**10,624**
Disposal of subsidiaries (note 36)	**(36,602)**	**—**	**—**	**—**	**—**	**(36,602)**
Exchange realignment	**(8,868)**	**(549)**	**151**	**(708)**	**(750)**	**(10,724)**
At 31 December 2023	**228,695**	**7,312**	**313,267**	**17,364**	**14,200**	**580,838**
31 December 2022						
At 1 January 2022	305,696	8,130	26,208	10,074	5,104	355,212
Acquisition of subsidiaries	—	—	305,346	717	5,626	311,689
Deferred tax charged/(credited) to profit or loss during the year	38,239	(391)	(8,399)	11,329	6,510	47,288
Disposal of subsidiaries	(66,608)	—	—	(420)	—	(67,028)
Exchange realignment	(26,565)	(639)	(328)	(949)	(1,176)	(29,657)
At 31 December 2022	250,762	7,100	322,827	20,751	16,064	617,504

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

The Group had unused tax losses available for offsetting against future profits in respect of certain subsidiaries of US$38,642,000 as at 31 December 2023 (2022: US$31,284,000), and the deferred tax assets have not been recognised.

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

Pursuant to China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in China. The requirement becomes effective on 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiaries, joint ventures and associates established in China in respect of earnings generated from 1 January 2008.

Notes to the Consolidated Financial Statements

31 December 2023

29. DEFERRED TAX (continued)

At 31 December 2023, no deferred tax (2022: nil) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in China and the Group's investments in joint ventures. In the opinion of the directors, it is not probable that these subsidiaries and investments in joint ventures will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in China for which deferred tax liabilities have not been recognised totalled approximately US$48,768,000 at 31 December 2023 (2022: US$39,418,000).

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of US$11,462,000 and US$11,381,000 (2022: US$25,623,000 and US$24,771,000), respectively.

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000
31 December 2023			
At 1 January 2023	**5,496,630**	**26,713**	**34,188**
Changes from financing cash flows	**640,611**	**(305,178)**	**(14,168)**
Changes in investing cash flows — additions to investment properties and capital injection in joint ventures	**—**	**(13,838)**	**—**
Changes in operating cash flows	**—**	**—**	**—**
Foreign exchange movements	**(70,773)**	**—**	**(402)**
Interest expense	**26,577**	**298,359**	**1,803**
Capitalised interest expense	**—**	**13,838**	**—**
Additions	**—**	**—**	**11,381**
Disposal of subsidiaries	**(113,492)**	**—**	**(836)**
Modifications	**—**	**—**	**(9)**
At 31 December 2023	**5,979,553**	**19,894**	**31,957**
31 December 2022			
At 1 January 2022	4,247,895	35,659	9,089
Changes from financing cash flows	888,057	(237,366)	(12,125)
Changes in investing cash flows — additions to investment properties	—	(11,449)	—
Reclassed to liabilities held for sale	(111,709)	(4,097)	—
Foreign exchange movements	(196,564)	—	(645)
Interest expense	—	232,517	1,347
Capitalised interest expense	—	11,449	—
Additions	—	—	24,771
Acquisition of subsidiaries	1,015,518	—	16,222
Disposal of subsidiaries	(346,567)	—	—
Modifications	—	—	(4,471)
At 31 December 2022	5,496,630	26,713	34,188

Notes to the Consolidated Financial Statements

31 December 2023

31. CONVERTIBLE BONDS

On 9 September 2020, the Company issued US$350,000,000 in principal amount of 1.50% convertible bonds due 2025. The convertible bonds may be converted into ordinary shares of the Company at the option of the convertible bondholders at the prevailing conversion price on or after the date which is 41 days after 30 September 2020 up to and including on the ten day prior to 30 September 2025 ("**Maturity Date**") (both days inclusive). On the date of issuance, the initial conversion price was HK$32.13 per share ("**Conversion Price**"), subject to adjustment upon occurrence of certain prescribed events based on the terms and conditions of the convertible bonds.

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

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

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

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

Redemption and Cancellation of Convertible Bonds during the year

The Company announced on 15 September 2023 that, due to the declaration of interim dividend and final dividend for 2022 and interim dividend for 2023 respectively, accordingly the conversion price of the convertible bonds was adjusted to HK$31.61 per share with effect from 17 June 2023, and to HK$31.29 per Share with effect from 15 September 2023 respectively, as per the adjustment provisions stipulated under the terms and conditions of the convertible bonds.

Based on the total outstanding principal amount of the convertible bonds of US$350,000,000 on the date of the announcement and the adjusted conversion price, 86,693,512 additional shares would be issued upon conversion of all the outstanding convertible bonds.

On 29 September 2023, the Company announced that it received a conversion notice from a holder of the convertible bonds for the exercise of the conversion rights attached to the convertible bonds in respect of the aggregate principal amount of US$800,000 (the "**Converted Bonds**"). All of the Converted Bonds have been converted to ordinary shares (the "**Conversion Shares**") and a total number of 196,150 Conversion Shares were issued to the bondholder on 19 September 2023 in accordance with the terms and conditions of the convertible bonds.

The terms and conditions of the convertible bonds provide, among other matters, that the Issuer will, at the option of the holder of any convertible bonds (the "**Put Option**"), redeem all or some only of such holder's bonds on 30 September 2023 at 100 per cent. of their principal amount, together with interest accrued but unpaid up to but excluding such date.

At the same date, the Company announced that as the holders of the convertible bonds in an aggregate principal amount of US$348,600,000 gave notice to exercise their Put Option, the Company has on 29 September 2023 fully redeemed parts of the outstanding convertible bonds in an aggregate principal amount of US$348,600,000, representing approximately 99.6% of the initial aggregate principal amount of the convertible bonds.

Notes to the Consolidated Financial Statements

31 December 2023

31. CONVERTIBLE BONDS (continued)

Redemption and Cancellation of Convertible Bonds during the year (continued)

On 4 October 2023, the Company served a notice to exercise its right to redeem all and not some only of the outstanding convertible bonds in the aggregate principal amount of US$600,000 on 3 November 2023. Following such redemption, the redeemed bonds were cancelled in accordance with the terms and conditions of the convertible bonds and none of the convertible bonds remained outstanding as of 31 December 2023.

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

	Liability component US$'000	Equity component US$'000	Total US$'000
Issue of convertible bonds	301,499	48,501	350,000
Direct transaction costs	(4,959)	—	(4,959)
At the issuance date	296,540	48,501	345,041
At 1 January 2022	308,769	48,501	357,270
Effective interest expense	15,534	—	15,534
Net increase in interest payable	(5,250)	—	(5,250)
At 31 December 2022 and 1 January 2023	319,053	48,501	367,554
Effective interest expense	11,901	—	11,901
Net increase in interest payable	(3,922)	—	(3,922)
Conversion of convertible bonds	(747)	(111)	(858)
Redemption of convertible bonds	(326,285)	(48,390)	(374,675)
At 31 December 2023 (note 25)	—	—	—

Notes to the Consolidated Financial Statements

31 December 2023

32. DISPOSAL GROUP HELD FOR SALE

Disposal group held for sale is primarily related to the following portfolio of warehousing facilities:

Hong Kong warehousing facility

The Group has initiated the sale of a portfolio of warehousing facility (the "**Target Entity**") in Hong Kong with potential investors. The Target Entity is a wholly-owned subsidiary of the Company as of 31 December 2023. As a result, all assets and liabilities of the Target Entity (including the investment property) were reclassified as disposal group held for sale as at 31 December 2023.

Details of assets and liabilities classified as held for sale as at 31 December 2023 are as follows:

	As at 31 December 2023 US$'000
Assets	
Investment properties	253,574
Cash and bank balances	9,281
Other assets	285
Assets of a disposal group classified as held for sale	263,140
Liabilities	
Bank and other borrowings	(124,159)
Other liabilities	(131,818)
Liabilities directly associated with assets classified as held for sale	(255,977)
Net assets directly associated with the disposal group	7,163

As at 31 December 2023, the bank and other borrowings of US$124,159,000 bears floating interest rate with maturity in August 2028. As of 31 December 2023, the interest rate was 7.53% per annum. The investment property with a fair value of US$253,574,000 was pledged to secure bank and other borrowings.

The fair value of the investment properties under the disposal group held for sale as at 31 December 2023 was based on the valuation conducted by Colliers International (Hong Kong) Limited using residual method on the development potential of the property conversion to the data centre (Level 2).

Notes to the Consolidated Financial Statements

31 December 2023

33. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

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

	As at 31 December 2023	As at 31 December 2022
Percentage of equity interests held by non-controlling interests at the reporting date:		
Equity interest held by non-controlling interests:		
Higashi	**30%**	30%
Shanghai Yurun	**30%**	30%
Sunwood Astra Pte Ltd	**50%**	50%
LOGOS Property Group Limited	**13.6%**	13.6%

	US$'000	US$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Equity interests held by non-controlling interests:		
Higashi	**2,843**	12,710
Shanghai Yurun	**12,234**	619
Sunwood Astra Pte Ltd	**(2,201)**	12,042
LOGOS Property Group Limited	**5,566**	7,742
	18,442	33,113

	US$'000	US$'000
Distributions for the year allocated to non-controlling interests:		
Equity interests held by non-controlling interests:		
Higashi	**36,606**	—
Accumulated balances of non-controlling interests at the reporting date:		
Equity interests held by non-controlling interests:		
Higashi	**459**	38,313
Shanghai Yurun	**107,865**	97,749
Sunwood Astra Pte Ltd	**38,954**	39,245
LOGOS Property Group Limited	**Nil**	Nil
	147,278	175,307

Notes to the Consolidated Financial Statements

31 December 2023

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

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

	Higashi US$'000	Shanghai Yurun US$'000	Sunwood Astra Pte Ltd US$'000	LOGOS Property Group Limited US$'000
2023				
Revenue	**5,041**	**512**	**—**	**141,909**
Total expense	**(2,029)**	**(1,480)**	**(10)**	**(91,485)**
Profit/(loss) for the year	**(8,965)**	**74,812**	**(4,402)**	**40,571**
Total comprehensive income/(loss) for the year	**1,686**	**74,812**	**(5,401)**	**20,314**
Current assets	**2,705**	**28,450**	**1**	**205,746**
Non-current assets	**—**	**876,380**	**77,954**	**596,564**
Current liabilities	**1,175**	**11,562**	**46**	**55,065**
Non-current liabilities	**—**	**292,586**	**—**	**149,021**
Net cash flow from/(used in) operating activities	**3,108**	**287**	**—**	**(6,636)**
Net cash flow from/(used in) investing activities	**115,643**	**(64,278)**	**(4,819)**	**2,565**
Net cash flow from/(used in) financing activities	**(128,002)**	**47,361**	**4,819**	**5,901**
Net increase/(decrease) in cash and cash equivalents	**(9,251)**	**(16,630)**	**—**	**1,830**
2022				
Revenue	7,182	—	—	167,510
Total expense	(2,222)	(600)	7	(211,417)
Profit for the year	42,274	2,153	23,756	58,635
Total comprehensive income for the year	29,406	2,153	18,660	11,548
Current assets	12,903	44,971	1	264,672
Non-current assets	216,560	489,719	78,526	531,264
Current liabilities	4,224	15,979	36	163,692
Non-current liabilities	96,424	207,359	—	50,128
Net cash flow from/(used in) operating activities	5,263	325	—	(112,788)
Net cash flow from/(used in) investing activities	—	(72,778)	(4,116)	24,607
Net cash flow from/(used in) financing activities	(3,633)	53,625	4,116	(32,971)
Net increase/(decrease) in cash and cash equivalents	1,630	(18,828)	—	(121,152)

Notes to the Consolidated Financial Statements

31 December 2023

34. BUSINESS COMBINATION

In April 2023, the Group, through its subsidiary, completed the acquisition of ARA Europe REIT Manager Limited ("**ARAE Manager**") with economic interest of 90.20%.

The Group has elected to measure the non-controlling interests in ARAE Manager at the non-controlling interests' proportionate share of ARAE Manager's identifiable net assets. The fair values of the identifiable assets and liabilities and goodwill on acquisition at the date of acquisition as disclosed in the table below have been measured on a provisional basis.

	Net assets acquired US$'000
Net assets acquired	
Property, plant and equipment	129
Cash and bank balances	2,806
Other assets	3,883
Other liabilities	(13,385)
Total identifiable net assets at fair value	(6,567)
Goodwill on acquisition	27,075
Management rights arising from acquisition	14,117
Non-controlling interests	(4,406)
	30,219
Satisfied by	
Cash	15,319
Consideration payable	14,900
	30,219

The Group incurred transaction costs of US$1,395,000 for this acquisition. These transaction costs have been expensed and are included in Administrative expenses in the consolidated statement of profit or loss.

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

	Cashflow on acquisition US$'000
Cash consideration	15,319
Cash and bank balances acquired	(2,806)
Net outflow of cash and cash equivalents included in cash flows related to investing activities	12,513

Since the acquisition, ARAE Manager contributed US$10,275,000 to the Group's revenue and US$2,227,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2023 would have been US$883,308,000 and US$269,831,000, respectively.

Notes to the Consolidated Financial Statements

31 December 2023

35. INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

As at 31 December 2023, the Group considers its equity investments in 60 (2022: 48) investment funds to be interests in unconsolidated structured entities. The investment funds are designed so that the management rights are not the dominant factor in deciding who controls them, and are financed through the issue of an ownership interest instrument to each investor.

The Group also acts as the investment/asset manager for 75 (2022: 71) real estate funds to manage the operations of those assets to earn fee income based on their capital contributed by investors, development costs incurred on real estate projects, or for the acquisition advisory services and brokerage services. The assets have been designed so that voting and similar rights are not the dominant factor in deciding how the investing activities should be conducted and are financed through the issue of ownership interest instruments to investors. The Group did not provide any financial support and has no intention of providing financial or any other support.

The Group earned a total gross fee Income of US$204,163,000 (2022: US$266,869,000) from the real estate funds for the year ended 31 December 2023. As at 31 December 2023, the Group's maximum exposure to loss as a result of acting as the investment manager of the real estate funds was equivalent to the carrying amount of the fee income receivable from them amounting to US$174,799,000 (2022: US$69,344,000) and the carrying amount of the investments amounting to US$965,815,000 (2022: US$731,965,000).

36. DISPOSAL OF SUBSIDIARIES

Cosmosquare OS1

In February 2023, the Group has, through its wholly-owned subsidiary, entered into a sale and purchase agreement to dispose of the 100% interests in a subsidiary, JP DC OS 1 Pte Ltd, to a fund managed by the Group.

	US$'000
Net assets disposed of:	
Investment properties	9,805
Cash and bank balances	7,011
Trade receivables, prepayments, trade and other receivables	982
Other liabilities	(17,998)
Non-controlling interests	(1)
	(201)
Gain on disposal of subsidiaries	201
	—
Satisfied by:	
Cash	—*

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

	US$'000
Cash consideration	—*
Cash and bank balances of a subsidiary disposed of	(7,011)
Net outflow of cash and cash equivalents included in cash flows related to investing activities	(7,011)

* Denotes less than US$1,000

Notes to the Consolidated Financial Statements

31 December 2023

36. DISPOSAL OF SUBSIDIARIES (continued)

Higashi Ogishima

On 4 August 2023, a certain subsidiary of the Company entered into the Sale and Purchase Agreement with a fund entity in relation to the sale of its entire issued share capital of RW Higashi SPE 1 Pte Ltd and HGS Japan Pte Ltd. The Group has 40% interest in the fund entity. The sale was completed on 21 September 2023.

	US$'000
Net assets disposed of:	
Investment properties	193,689
Cash and bank balances	11,573
Other assets	350
Bank and other borrowings	(71,097)
Other liabilities	(53,072)
	81,443
Exchange fluctuation reserve	1,553
Transaction costs	1,506
Gain on disposal of subsidiaries	3,151
	87,653
Satisfied by:	
Cash	79,997
Financial assets at fair value through profit or loss	7,656
	87,653

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

	US$'000
Cash consideration	79,997
Cash and bank balances of a subsidiary disposed of	(11,573)
Net inflow of cash and cash equivalents included in cash flows related to investing activities	68,424

Notes to the Consolidated Financial Statements

31 December 2023

36. DISPOSAL OF SUBSIDIARIES (continued)

Dongguan Hongshang

Pursuant to the Company's announcements on 27 November 2023, certain wholly-owned subsidiaries of the Company entered into equity transfer agreements to dispose 100% interest in six stabilised logistics and warehousing facilities ("**stabilised assets**") in China to RMB Income Fund. Following completion of the transaction, the Group continues to maintain an interest in the RMB Income Fund and acts as the investment manager of the RMB Income Fund and asset manager of its property assets and earns management fees for such services.

As of 31 December 2023, the disposal of two out of six stabilised assets have been completed. The details of assets and liabilities deconsolidated on disposal date are as follows:

	US$'000
Net assets disposed of:	
Investment properties	134,042
Cash and bank balances	2,510
Other assets	11,092
Bank and other borrowings	(18,107)
Other liabilities	(27,611)
	101,926
Exchange fluctuation reserve	3,431
Gain on disposal of subsidiaries	21,954
	127,311
Satisfied by:	
Other receivables	127,311

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

	US$'000
Cash consideration	—
Cash and bank balances of subsidiaries disposed of	(2,510)
Net outflow of cash and cash equivalents included in cash flows related to investing activities	(2,510)

Notes to the Consolidated Financial Statements

31 December 2023

36. DISPOSAL OF SUBSIDIARIES (continued)

The Group also disposed the following subsidiaries during the year:

Name of subsidiaries disposed	Equity interest disposed	Month of disposal
NSHL Holdco and NSHL LLC	51%	October 2023
Yen Phong Holdco	100%	October 2023
Hai Phong Industrial Development (Vietnam) Company Limited	51%	November 2023
Yen Phong Industrial Development (Vietnam) Company Limited	51%	November 2023
PT ESR Indonesia Properties One	80%	July 2023
PT ESR Indonesia Properties Two	80%	July 2023
PT ESR Indonesia Properties Three	80%	July 2023
ARA Managers (MIP) Pte Ltd	100%	October 2023
ARA Managers (Harmony V) Pte Ltd	100%	October 2023
ARA Fund Management (CIP) Limited	100%	December 2023
ARA Real Estate Partners Asia III GP S.à r.l	100%	December 2023

	US$'000
Net assets disposed of:	
Investment properties	129,332
Cash and bank balances	13,819
Other assets	8,094
Bank and other borrowings	(24,288)
Other liabilities	(77,318)
Non-controlling interests	(3)
	49,636
Exchange fluctuation reserve	2,073
Loss on disposal of subsidiaries	(1,234)
	50,475
Satisfied by:	
Cash	23,154
Investments in joint ventures	22,416
Other receivables	4,905
	50,475

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

	US$'000
Cash consideration	23,154
Cash and bank balances of subsidiaries disposed of	(13,819)
Net inflow of cash and cash equivalents included in cash flows related to investing activities	9,335

Notes to the Consolidated Financial Statements

31 December 2023

37. CONTINGENT LIABILITIES

As at 31 December 2023 and 2022, neither the Group nor the Company had any significant contingent liabilities.

38. PLEDGE OF ASSETS

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

39. COMMITMENTS

(a) Operating lease commitments

As lessor

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

At 31 December 2023 and 2022, the Group had total future minimum leases receivable under non-cancellable operating leases with its tenants falling due as stated in note 18.

(b) Capital commitments

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Contracted, but not provided for investment properties	**449,607**	367,421
Contracted, but not provided for plant and machinery	**8,709**	7,636
Undrawn capital calls to real estate investment funds	**1,675,211**	1,300,989
	2,133,527	1,676,046

Notes to the Consolidated Financial Statements

31 December 2023

40. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022:

(a) Transactions with related parties:

	2023 US$'000	2022 US$'000
Associates:		
— Management fee income (note (i))	**162,877**	81,456
— Sale of investment property	**12,685**	—
— Construction revenue	**39,000**	—
Joint ventures:		
— Management fees income (note (i))	**90,775**	122,342
— Repayment from/(Advances to) joint ventures and associates (note (ii))	**(21,015)**	(3,784)
— Repayment from joint ventures (note (iii))	**50,532**	63,120
— Investments in debentures issued by joint ventures (note (iv))	**1,799**	6,482
— Interest income on investment in debentures (note (iv))	**1,773**	1,212
Entity associated with Directors:		
— Loans	**—**	(50,000)
— Repayment	**—**	50,000
— Interest	**—**	578
Directors:		
— Interest	**921**	464

Notes:

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

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

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

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

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

(ii) Repayment from/(advances to) related parties and joint ventures are unsecured, interest-free and repayable on demand. The outstanding net amount due from joint ventures and associates as of 31 December 2023 is US$29,424,000 (2022: US$8,409,000).

(iii) During the year, the Group received repayment of US$50,532,000 (2022: US$63,120,000) from the subsidiaries disposed to joint ventures of the Group. The amount was paid to the Group after disposal was completed.

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

(b) Commitments with related parties

The Group expects the total capital commitment to associates and joint ventures to be US$306,473,000 and US$519,720,000 (2022: US$301,335,000 and US$386,099,000), respectively.

Notes to the Consolidated Financial Statements

31 December 2023

40. RELATED PARTY TRANSACTIONS (continued)

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

	2023 US$'000	2022 US$'000
Short term employee benefits	**9,836**	9,665
Pension scheme contributions	**43**	32
Share-based compensation expense	**3,495**	2,683
Total compensation paid to key management personnel	**13,374**	12,380

(d) Loans to Directors

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

Name	At 1 January 2022 US$'000	Maximum amount outstanding during the year US$'000	At 31 December 2022 and 1 January 2023 US$'000	Maximum amount outstanding during the year US$'000	At 31 December 2023 US$'000
Mr. Stuart Gibson	4,853	4,600	4,600	5,244	**5,244**
Mr. Charles Alexander Portes	4,853	4,600	4,600	5,244	**5,244**

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

41. SHARE CAPITAL

	As at 31 December 2023	As at 31 December 2022
Authorised number of shares	**8,000,000,000**	8,000,000,000

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Issued and fully paid	**4,280**	4,422

STRATEGIC REPORTS
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

31 December 2023

41. SHARE CAPITAL (continued)

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

	Number of shares in issue	Share capital US$'000	Share premium account US$'000	Total US$'000
At 1 January 2022	3,048,603,743	3,049	2,022,188	2,025,237
Acquisition of subsidiaries	1,345,898,078	1,346	4,338,816	4,340,162
Issue of new shares	76,689,349	77	249,923	250,000
Share-based compensation plan exercised (note (i), (iii), (iv))	15,162,222	14	6,545	6,559
Share repurchased and cancellation (note (ii))	(64,089,200)	(64)	(169,253)	(169,317)
At 31 December 2022 and 1 January 2023	4,422,264,192	4,422	6,448,219	6,452,641
Conversion of convertible bonds	196,150	—*	800	800
Share-based compensation plan exercised (note (iii), (iv), (v))	2,485,818	3	5,805	5,808
Share repurchased and cancellation (note (vi))	(144,501,600)	(145)	(217,625)	(217,770)
At 31 December 2023	4,280,444,560	4,280	6,237,199	6,241,479

* Denotes less than US$1,000

Notes:

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

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

(iii) During the year ended 31 December 2023, the Company paid withholding tax of US$84,000 (31 December 2022: US$351,000) in relation to share options exercised. The withholding tax expense was recorded in share premium account.

(iv) Pursuant to the rules and trust deed of the Long Term Incentive Scheme ("**LTI Scheme**") adopted on 2 June 2021, the trustee of the LTI Scheme had purchased on the Hong Kong Stock Exchange a total of 3,559,146 shares (31 December 2022: 387,700 shares) of the Company at a total consideration of US$5,613,000 (31 December 2022: US$1,158,000) during the period ended 31 December 2023.

(v) 1,967,705 shares were issued by the Company in satisfaction of 4,650,902 share options exercised in 2023 at the exercise price of US$0.96 per share and 518,113 shares were issued by the Company in satisfaction of 3,297,622 award RSUs and PSUs granted under the Long Term Incentive Scheme vested in 2023 (note 42). An amount of US$11,618,000 was transferred from the share-based payment reserve to share capital and share premium upon the exercise of the share-based compensation plan.

(vi) During the period ended 31 December 2023, the Company repurchased 151,674,000 of its own shares on the Hong Kong Stock Exchange for a consideration of approximately US$217,770,000. 138,851,600 shares have been cancelled before the reporting date of 31 December 2023 and 12,822,400 shares were cancelled subsequent to the reporting date in January 2024, the amount paid for the purchase of the shares has been charged to share capital and share premium.

Notes to the Consolidated Financial Statements

31 December 2023

42. SHARE-BASED COMPENSATION PLAN

A. Share Option Plan issued by the Company

The following share options were outstanding under the share option plans including KM ESOP, Tier 1 ESOP and Post-IPO Share Option Scheme (the "**Plans**") during the years ended 31 December 2023 and 2022:

	Weighted average exercise price US$	Number of options '000
At 1 January 2022		63,490
Granted during the year	2.92	384
Forfeited during the year	2.52	(86)
Exercised during the year	0.54	(19,397)
At 31 December 2022 and at 1 January 2023		44,391
Granted during the year		—
Forfeited during the year	2.79	(304)
Exercised during the year	0.96	(4,651)
At 31 December 2023		39,436

The weighted average share price at the date of exercise for share options exercised during the year ended 2023 was HK$12.87 (2022: HK$16.70) per share.

Notes to the Consolidated Financial Statements

31 December 2023

42. SHARE-BASED COMPENSATION PLAN (continued)

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

The exercise prices and exercise periods of the share options outstanding as at the end of each of the years ended 31 December 2023 and 2022 are as follows:

Number of options			
2023 '000	**2022 '000**	**Exercise price per share**	**Exercise period**
7,800	7,800	US$0.4600	20-04-17 to 20-01-26
100	100	US$0.4722	01-01-23* to 22-02-29
9,227	13,767	US$0.9445	01-01-23* to 19-05-29
873	873	US$1.1453	16-08-23* to 15-08-28
948	948	US$1.3655	16-02-24* to 25-02-29
2,260	2,437	US$1.5172	20-05-24* to 19-05-29
6,650	6,650	HK$27.30	28-12-21 to 27-12-30
11,194	11,432	HK$24.50	23-08-21 to 22-08-31
384#	384#	HK$22.78	08-06-22 to 07-06-32
39,436	44,391		

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

a) an IPO;

b) an Early Vesting Event;

c) 5 years of the date of grant.

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

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

The 4,650,902 share options exercised during the year resulted in the issue of 1,967,705 ordinary shares of the Company and new share capital of US$1,968 (before issue expenses), as further detailed in note 41.

At 31 December 2023, the Company had 39,436,000 share options outstanding under the Plans. The exercise in full of the outstanding share options by the conventional exercise method would, under the present capital structure of the Company, result in the issue of 39,436,000 additional ordinary shares of the Company and additional share capital and share premium of US$77,815,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 39,436,000 share options outstanding under the Plans, which represented approximately 0.94% of the Company's shares in issue as at that date.

Notes to the Consolidated Financial Statements

31 December 2023

42. SHARE-BASED COMPENSATION PLAN (continued)

B. Share Option Plan by a subsidiary of the Company

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

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

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

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

In September 2021, a total of 790.13 options were granted under the ESOP Plan to certain eligible employees. These options vest equally in 4 tranches on 1 September 2021 and in December of each year from 2021 to 2023.

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

In August 2023, a total of 747.48 options were granted under the ESOP Plan to certain eligible employees. These options vest equally in 5 tranches in August 2023 and in December of each year from 2023 to 2026.

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

	As at 31 December 2023	As at 31 December 2022
Expected dividend yield (%)	**—**	—
Exercise price (US$)	**33,453**	33,453
Volatility (%)	**26.9%**	33.1%
Risk-free interest rate (%)	**4.49%**	4.23%
Expected life (years)	**3.3 years**	3.3 years

Notes to the Consolidated Financial Statements

31 December 2023

42. SHARE-BASED COMPENSATION PLAN (continued)

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

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

	Weighted average exercise price US$	Number of options
At 1 January 2022		—
Acquisition of subsidiary	14,545	790.13
Granted during the year	33,453	102.20
Cancelled during the year	14,545	(112.93)
At 31 December 2022 and at 1 January 2023		779.40
Granted during the year	33,453	747.48
Cancelled during the year	33,453	(72.47)
At 31 December 2023		1,454.41

C. Long Term Incentive Scheme

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

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

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

Notes to the Consolidated Financial Statements

31 December 2023

42. SHARE-BASED COMPENSATION PLAN (continued)

C. Long Term Incentive Scheme (continued)

The following awarded shares were outstanding under the Long Term Incentive Scheme during the year ended 31 December 2023:

	Weighted average share price at grant date HK$	Number of awarded shares '000
At 1 January 2022		—
Granted during the year	23.25	14,406
Cancelled during the year	24.35	(90)
Vested during the year	23.99	(594)
At 31 December 2022 and at 1 January 2023		13,722
Granted during the year	11.69	8,262
Cancelled during the year	23.49	(4,174)
Vested during the year	21.76	(3,403)
At 31 December 2023		14,407

The share price at grant date and vesting periods of the awarded shares outstanding under the Long Term Incentive Scheme outstanding as at 31 December 2023 is as follows:

Number of awarded shares		Share price at	
2023 '000	2022 '000	grant date per share	Exercise period
1,008	4,267	HK$24.35	23-02-22 to 30-06-25
5,631	9,455	HK$22.70	08-06-22 to 08-06-26
316	—	HK$12.90	20-04-23 to 31-12-26
2,166	—	HK$11.32	25-05-24 to 25-05-27
413	—	HK$11.32	08-06-23 to 08-06-26
150	—	HK$11.32	25-05-24 to 25-05-27
69	—	HK$11.32	01-10-23 to 01-10-24
3,249	—	HK$11.32	15-05-25 to 15-05-27
843	—	HK$12.88	20-07-23 to 30-06-27
562	—	HK$12.88	20-07-23 to 20-07-27
14,407	13,722		

The fair value of the awarded shares was determined based on the market value of the Company's shares at the grant date. The weighted average fair value of the awarded shares granted during the year ended 31 December 2023 was HK$11.69 per share. The total expense recognised in respect of the Long Term Incentive Scheme adopted by the Company for the year ended 31 December 2023 was US$16,613,000.

At the date of approval of these financial statements, the Company had 14,407,000 awarded shares outstanding under the Long Term Incentive Scheme, which represented approximately 0.34% of the Company's shares in issue as at that date.

Notes to the Consolidated Financial Statements

31 December 2023

43. PERPETUAL CAPITAL SECURITIES

Perpetual Securities NC5 5.65%

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

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

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

Perpetual Securities Series 001, Series 002 and Series 004

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

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

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

Notes to the Consolidated Financial Statements

31 December 2023

43. PERPETUAL CAPITAL SECURITIES (continued)

Movements of the perpetual capital securities are as follows:

	Principal US$'000	Distribution US$'000	Total US$'000
At 1 January 2022	256,318	4,829	261,147
Acquisition of subsidiaries	699,830	—	699,830
Profit attributable to holders of perpetual capital securities	—	42,524	42,524
Distributions to holders of perpetual capital securities	—	(44,199)	(44,199)
Redemption of perpetual capital securities, net of transaction costs	(216,601)	—	(216,601)
At 31 December 2022 and 1 January 2023	739,547	3,154	742,701
Profit attributable to holders of perpetual capital securities	—	41,920	41,920
Distributions to holders of perpetual capital securities	—	(41,755)	(41,755)
At 31 December 2023	739,547	3,319	742,866

44. RESERVES

(a) Group

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

(i) Statutory reserve

In accordance with the Company Law of the People's Republic of China, the subsidiaries in China are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant China authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of China subsidiaries.

(ii) Merger reserve

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

(iii) Exchange fluctuation reserve

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

Notes to the Consolidated Financial Statements

31 December 2023

44. RESERVES (continued)

(b) The Company

	Share premium US$'000	Share-based payment reserve US$'000	Exchange fluctuation reserve US$'000	Accumulated losses US$'000	Investment reserve (non-recycling) US$'000	Hedge reserves US$'000	Other reserve US$'000	Total US$'000
As at 1 January 2023	6,448,219	47,395	(8,058)	(808,308)	(1,107)	–	29,218	5,707,359
Loss for the year	–	–	–	(225,147)	–	–	–	(225,147)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	367	–	–	367
Effect of hedge	–	–	–	–	–	(4,977)	–	(4,977)
Share of other comprehensive loss of joint ventures	–	–	(5,797)	–	–	–	–	(5,797)
Total comprehensive loss for the year	–	–	(5,797)	(225,147)	367	(4,977)	–	(235,554)
Profit attributable to holders of perpetual capital securities	–	–	–	(14,705)	–	–	–	(14,705)
Dividend distributions	–	–	–	(139,630)	–	–	–	(139,630)
Share repurchased and cancellation	(217,625)	–	–	–	–	–	–	(217,625)
Issue of shares upon exercise of share options	3,040	(3,126)	–	–	–	–	–	(86)
Issue of shares upon vesting of units under Long Term Incentive Scheme	2,765	(8,492)	–	–	–	–	–	(5,727)
Conversion of convertible bonds	800	–	–	58	–	–	–	858
Redemption of convertible bonds	–	–	–	8,294	–	–	–	8,294
Transfer of share-based payment reserve upon the forfeiture of share options and Long Term Incentive Scheme	–	(7,642)	–	7,642	–	–	–	–
Share-based compensation arrangement	–	19,004	–	–	–	–	–	19,004
As at 31 December 2023	6,237,199	47,139	(13,855)	(1,171,796)	(740)	(4,977)	29,218	5,122,188

Notes to the Consolidated Financial Statements

31 December 2023

44. RESERVES (continued)

(b) The Company (continued)

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

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Notes to the Consolidated Financial Statements

31 December 2023

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

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

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

	Increase/(decrease) in basis point	(Decrease)/increase in profit before tax US$'000
Year ended 31 December 2023	100/(100)	(54,587)/54,587
Year ended 31 December 2022	100/(100)	(38,748)/38,748

Foreign currency risk

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

The following table details the Group's sensitivity to a 1% increase and decrease in the relevant foreign currencies against the functional currency (before taking into consideration the financial derivatives). The sensitivity analysis includes only outstanding monetary items denominated in a foreign currency and adjusts their translation at 31 December 2023 for a 1% change in foreign currency rates.

	2023 US$'000	2022 US$'000
Increase/(decrease) in profit before tax		
If US$ weakens against RMB	**490**	359
If US$ strengthens against RMB	**(490)**	(359)
If US$ weakens against JPY	**(7,196)**	(4,561)
If US$ strengthens against JPY	**7,196**	4,561
If US$ weakens against SGD	**(5,967)**	(2,634)
If US$ strengthens against SGD	**5,967**	2,634
If US$ weakens against AUD	**(2,223)**	(2,043)
If US$ strengthens against AUD	**2,223**	2,043
If US$ weakens against INR	**1,114**	1,064
If US$ strengthens against INR	**(1,114)**	(1,064)
If US$ weakens against HKD	**(10,646)**	(4,485)
If US$ strengthens against HKD	**10,646**	4,485

Notes to the Consolidated Financial Statements

31 December 2023

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

IFRS 9

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

31 December 2023

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

The maturity profile of the Group's financial liabilities as at 31 December 2023 and 2022, based on the contractual undiscounted payments, is as follows:

Group

	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
31 December 2023				
Non-derivative financial liabilities				
Interest-bearing bank and other borrowings	1,192,422	5,199,200	542,540	6,934,162
Trade and other payables	271,017	—	—	271,017
Contingent consideration payable	6,746	11,664	—	18,410
Lease liabilities	12,681	19,948	1,946	34,575
Other non-current liabilities	—	120,206	10,981	131,187
	1,482,866	5,351,018	555,467	7,389,351
Derivative financial instruments				
Foreign currency forward contracts (gross settled) and cross-currency interest rate swap				
— Outflow	(5,724)	(9,653)	—	(15,377)
— Inflow	17,171	40,611	—	57,782
	11,447	30,958	—	42,405
31 December 2022				
Non-derivative financial liabilities				
Interest-bearing bank and other borrowings	573,016	5,399,738	538,530	6,511,284
Trade and other payables	303,868	—	—	303,868
Contingent consideration payable	2,581	—	—	2,581
Lease liabilities	11,684	21,891	5,932	39,507
Other non-current liabilities	—	95,227	31,732	126,959
	891,149	5,516,856	576,194	6,984,199
Derivative financial instruments				
Foreign currency forward contracts (gross settled)				
— Outflow	(5,406)	—	—	(5,406)
— Inflow	5,463	—	—	5,463
	57	—	—	57

Notes to the Consolidated Financial Statements

31 December 2023

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
31 December 2023				
Non-derivative financial liabilities				
Interest-bearing bank and other borrowings	**923,701**	**3,432,411**	**107,511**	**4,463,623**
Trade and other payables	**131,664**	**—**	**—**	**131,664**
	1,055,365	**3,432,411**	**107,511**	**4,595,287**
Derivative financial instruments				
Cross-currency interest rate swap				
— Outflow	**(3,570)**	**(9,653)**	**—**	**(13,223)**
— Inflow	**15,018**	**40,611**	**—**	**55,629**
	11,448	**30,958**	**—**	**42,406**
31 December 2022				
Interest-bearing bank and other borrowings	298,409	3,658,464	143,830	4,100,703
Trade and other payables	140,910	—	—	140,910
	439,319	3,658,464	143,830	4,241,613

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from listed equity investments classified as financial assets at fair value through comprehensive income (note 17) and financial assets at fair value through profit or loss (note 16) as at 31 December 2023 and 2022. The Group's listed investments are listed on Hong Kong Exchanges and Clearing Limited, Singapore Exchange Securities Trading Limited, and Korea Exchange and are valued at quoted market prices.

The market equity indices for the following stock exchanges, at the close of business from the nearest trading day in the year to the end of each of the years ended 31 December 2023 and 2022, and their respective highest and lowest points during the year were as follows:

	31 December 2023	High/Low 2023	31 December 2022	High/Low 2022
Singapore–STI Index	**3,240**	**3,408/3,042**	3,251	3,466/2,969
Hong Kong–Hang Seng Index	**17,047**	**22,701/15,972**	19,781	25,051/14,597
Korea–KRX KOSPI Index	**2,655**	**2,668/2,181**	2,236	2,995/2,135

Notes to the Consolidated Financial Statements

31 December 2023

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The Group monitors the capital using net gearing ratio, which is calculated by dividing net debt, defined as total bank and other borrowings less cash and bank balances, by total assets at the end of each year. The gearing ratios as at 31 December 2023 and 2022 were as follows:

	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
Bank and other borrowings		
Current	**899,884**	290,452
Non-current	**5,079,669**	5,206,178
Bank and other borrowings — Total	**5,979,553**	5,496,630
Less: Cash and bank balances	**(1,001,568)**	(1,806,915)
Net debt	**4,977,985**	3,689,715
Total assets	**16,191,075**	16,199,374
Gearing ratio (net debt/total assets)	**30.7%**	22.8%

Notes to the Consolidated Financial Statements

31 December 2023

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2023 and 2022 are as follows:

31 December 2023

	Financial assets at fair value through profit or loss US$'000	Financial assets at amortised cost US$'000	Financial assets at fair value through other comprehensive income US$'000	Total US$'000
Financial assets				
Financial assets at fair value through profit or loss	837,314	—	—	837,314
Financial assets at fair value through other comprehensive income	—	—	1,050,442	1,050,442
Trade receivables	—	532,861	—	532,861
Financial assets included in other non-current assets	19,586	149,577	—	169,163
Financial assets included in prepayments, other receivables and other assets	3,486	436,082	—	439,568
Pledged bank deposits	—	632	—	632
Restricted bank balances	—	81,429	—	81,429
Cash and bank balances	—	915,657	—	915,657
Non-pledged fixed time deposits with maturity period over three months	—	3,850	—	3,850
	860,386	2,120,088	1,050,442	4,030,916

	Financial liabilities at fair value through profit or loss US$'000	Financial liabilities at amortised cost US$'000	Total US$'000
Financial liabilities			
Financial liabilities included in trade payables, accruals and other payables	—	271,017	271,017
Interest-bearing bank and other borrowings	—	5,979,553	5,979,553
Lease liabilities	—	31,957	31,957
Contingent consideration payable	—	18,410	18,410
Financial liabilities included in other non-current liabilities	112,864	18,323	131,187
	112,864	6,319,260	6,432,124

Notes to the Consolidated Financial Statements

31 December 2023

46. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2022

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

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

Notes to the Consolidated Financial Statements

31 December 2023

47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management is responsible for determining the policies and procedures for the fair value management of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Group reviews with independent valuers on valuation inputs every half yearly, in line with its half year and annual reporting dates.

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

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

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

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

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

Notes to the Consolidated Financial Statements

31 December 2023

47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

	Valuation technique	Key unobservable input	Range	Sensitivity of the fair value to the input
Unlisted financial assets at fair value through other comprehensive income and profit or loss	Net asset value	Net asset value	2023: US$4,500 to US$1,097,000,000 2022: US$51,000 to US$1,761,000,000	1% increase (decrease) in net asset value would result in increase (decrease) in fair value by 1%
Investment in OCD at fair value	Discounted cash flows	Cost of equity	2023: 10.25% 2022: 10.25%	1% increase (decrease) in cost of equity would result in (decrease) increase in estimated fair value by 0.01%
Put option contract	Option pricing model	Share price of investment in associate	2023: JPY611 2022: JPY712	5% increase (decrease) in share price of investment in associate would result in (decrease) increase in estimated fair value by (US$1,558,000) and US$2,009,000
		Discount rate	2023: 1.07% 2022: 1.45%	10 basis points increase (decrease) in discount rate would result in (decrease) increase in estimated fair value by US$8,000
Redemption value of option	Discounted cash flow	Net asset fair value	2023: US$1,054,277,000 2022: US$962,485,000	1% increase (decrease) in net asset fair value would result in increase (decrease) in estimated fair value by 1%

Notes to the Consolidated Financial Statements

31 December 2023

47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

Assets measured at fair value

	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
As at 31 December 2023				
Financial assets at fair value through profit or loss	**38,428**	**—**	**808,722**	**847,150**
Financial assets at fair value through other comprehensive income	**820,246**	**—**	**230,196**	**1,050,442**
Financial derivative assets	**—**	**7,345**	**5,890**	**13,235**
	858,674	**7,345**	**1,044,808**	**1,910,827**
As at 31 December 2022				
Financial assets at fair value through profit or loss	21,883	—	758,231	780,114
Financial assets at fair value through other comprehensive income	781,180	—	195,215	976,395
Financial derivative assets	—	189	10,765	10,954
	803,063	189	964,211	1,767,463

Notes to the Consolidated Financial Statements

31 December 2023

47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value (continued)

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

	Put option contract US$'000	Unlisted financial assets US$'000
Financial assets at fair value		
At 1 January 2022	—	721,813
Acquisition of subsidiaries	5,316	333,729
Disposal of subsidiaries	—	(4,319)
Distribution and capital redemption	—	(135,906)
Elimination	—	(6,815)
Gain on sale of interests in financial assets at fair value through profit or loss	—	(8)
Interest receivable	—	526
Purchases	—	186,200
Reclassification to assets held for sale	—	(21,649)
Reclassification to investments in joint ventures	—	(1,532)
Total loss recognised in other comprehensive income	—	(50,693)
Total gain recognised in profit or loss included in other income	6,191	10,370
Exchange realignment	(742)	(78,270)
At 31 December 2022 and 1 January 2023	10,765	953,446
Disposal of interests in financial assets	—	(22,224)
Disposal of subsidiaries	—	7,656
Distribution and capital redemption	—	(29,107)
Gain on sale of interests in financial assets at fair value through profit or loss	—	2,076
Interest receivable	—	553
Purchases	—	151,089
Reclassification to investments in joint ventures	—	(2,446)
Total loss recognised in other comprehensive income	—	(11,025)
Total (loss)/gain recognised in profit or loss included in other income	(4,146)	9,390
Exchange realignment	(729)	(20,490)
At 31 December 2023	5,890	1,038,918

Notes to the Consolidated Financial Statements

31 December 2023

47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value

	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
At 31 December 2023			
Financial derivative liabilities	**—**	**—**	**—**
Redemption value of option	**—**	**112,864**	**112,864**
	—	**112,864**	**112,864**
At 31 December 2022			
Financial derivative liabilities	78	—	78
Redemption value of option	—	93,687	93,687
	78	93,687	93,765

During the years ended 31 December 2023 and 2022, there were no transfers of fair values measurements into or out of Level 3 for financial liabilities.

48. EVENTS AFTER THE REPORTING DATES

On 8 March 2024, the subsidiaries of the Company entered into the Share Purchase Agreements to dispose of their interests in the ARA Private Funds business in Australia, Singapore, South Korea and USA to entities which include an affiliate of Sumitomo Mitsui Finance and Leasing Co. for an Initial Consideration which is based on an agreed enterprise value of US$270 million for the businesses, subject to adjustments (the "**Transaction**"). The Transaction is structured as the disposal of the Group's interests in certain indirect subsidiaries of the Company (the "**Target Companies**"). Upon completion, each of the Target Companies will cease to be a subsidiary of the Company. The Transaction is subject to certain regulatory approvals and other conditions.

Notes to the Consolidated Financial Statements

31 December 2023

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2023 US$'000	As at 31 December 2022 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**44**	44
Financial assets at fair value through other comprehensive income		**13,171**	12,391
Investments in subsidiaries		**5,574,574**	5,564,568
Investment in a joint venture		**285,163**	288,580
Other intangible assets		**96**	31
Other non-current assets		**19,975**	8,199
Total non-current assets		**5,893,023**	5,873,813
CURRENT ASSETS			
Prepayments, other receivables and other assets		**3,223,778**	3,004,648
Cash and bank balances		**271,489**	731,147
Total current assets		**3,495,267**	3,735,795
CURRENT LIABILITIES			
Bank and other borrowings	25	**719,232**	95,382
Trade payables, accruals and other payables		**134,674**	143,625
Income tax payable		**994**	994
Total current liabilities		**854,900**	240,001
NET CURRENT ASSETS		**2,640,367**	3,495,794
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,533,390**	9,369,607
NON-CURRENT LIABILITIES			
Bank and other borrowings	25	**3,145,772**	3,348,341
Total non-current liabilities		**3,145,772**	3,348,341
NET ASSETS		**5,387,618**	6,021,266
EQUITY			
Issued capital		**4,280**	4,422
Perpetual capital securities		**261,150**	260,984
Equity components of convertible bonds	31	**—**	48,501
Other reserves	44	**5,122,188**	5,707,359
TOTAL EQUITY		**5,387,618**	6,021,266

50. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 March 2024.

Group Financial Summary

RESULTS (US$'000)

For the year ended	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue					
Rental income	118,042	101,402	110,508	91,626	**71,992**
Management fee income	166,721	189,278	244,042	713,296	**736,747**
Construction income	69,858	92,160	43,815	10,735	**56,250**
Solar energy income	2,748	5,491	6,061	5,497	**6,337**
	357,369	**388,331**	**404,426**	**821,154**	**871,326**
Segment Results					
Investment	256,087	225,938	342,493	333,646	**34,103**
Fund management	131,825	147,598	198,956	573,734	**574,682**
New Economy Development	244,782	289,178	235,324	342,677	**259,781**
	632,694	**662,714**	**776,773**	**1,250,057**	**868,566**
Profit after tax	**278,400**	**314,707**	**382,676**	**631,109**	**268,056**
Profit attributable to:					
Owners of the Company ("**PATMI**")	245,177	286,466	349,440	574,145	**230,849**
Non-controlling interests	33,223	28,241	33,236	56,964	**37,207**
	278,400	**314,707**	**382,676**	**631,109**	**268,056**

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

At 31 December	FY2019	FY2020	FY2021	FY2022	FY2023
Non-current assets	5,156,142	5,861,284	7,417,348	13,189,083	**13,740,620**
Current assets	1,196,056	1,826,157	1,920,270	3,010,291	**2,450,455**
Total assets	**6,352,198**	**7,687,441**	**9,337,618**	**16,199,374**	**16,191,075**
Current liabilities	488,976	985,662	1,581,843	1,079,717	**1,630,226**
Non-current liabilities	2,612,110	2,896,574	3,341,740	5,979,343	**5,832,095**
Total liabilities	**3,101,086**	**3,882,236**	**4,923,583**	**7,059,060**	**7,462,321**
Net assets	**3,251,112**	**3,805,205**	**4,414,035**	**9,140,314**	**8,728,754**
Equity attributable to owners of the Company	3,026,254	3,596,209	4,158,858	8,814,659	**8,410,512**
Non-controlling interests	224,858	208,996	255,177	325,655	**318,242**
Total equity	**3,251,112**	**3,805,205**	**4,414,035**	**9,140,314**	**8,728,754**

Group Financial Summary

FINANCIAL METRICS

Financial Year	FY2019 US$'000	FY2020 US$'000	FY2021 US$'000	FY2022 US$'000	FY2023 US$'000
EBITDA [1]	549,091	571,177	664,198	1,068,536	**724,597**
Adjusted EBITDA [1]	583,905	585,259	706,834	1,151,882	**885,331**
PATMI [1]	245,177	286,466	349,440	574,145	**230,849**
Adjusted PATMI [1]	261,522	286,466	377,258	654,623	**400,338**
Net debt [2]	1,686,711	1,779,848	2,609,667	3,689,715	**4,977,985**
Net debt/total assets (%)	26.6%	23.2%	27.9%	22.8%	**30.7%**
Profit before tax	360,334	410,704	488,840	815,125	**394,238**
Add/(less):					
Depreciation and amortisation	16,363	17,141	17,137	47,863	**50,343**
Finance costs	180,368	147,414	163,549	222,415	**312,901**
Interest income	(7,974)	(4,082)	(5,328)	(16,867)	**(32,885)**
EBITDA [a]	549,091	571,177	664,198	1,068,536	**724,597**
Add back/(less):					
Changes in fair value of financial derivative assets [b]	—	—	—	(6,191)	**4,146**
Impairment of goodwill and other intangible assets [c]	—	—	—	—	**29,167**
Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss [d]	—	—	—	40,531	**108,243**
Share-based compensation expense [e]	18,469	14,082	14,818	26,543	**19,178**
Transaction costs related to ARA acquisition [f] [ii]	—	—	27,818	22,463	**—**
Listing expenses [h]	16,345	—	—	—	**—**
Adjusted EBITDA	583,905	585,259	706,834	1,151,882	**885,331**
Less:					
Fair value changes on Investment Properties ("**IP**") [g]	(226,083)	(224,680)	(274,484)	(195,431)	**(187,722)**
Adjusted EBITDA (less fair value changes on IP)	357,822	360,579	432,350	956,451	**697,609**
Profit after tax and minority interests (PATMI)	245,177	286,466	349,440	574,145	**230,849**
Add back/(less):					
Amortisation relating to intangible assets arising from acquisition of ARA, net of tax [f] [iii]	—	—	—	17,791	**18,767**
Changes in fair value of financial derivative assets [b]	—	—	—	(6,191)	**4,146**
Impairment of goodwill and other intangible assets [c]	—	—	—	—	**29,167**
Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss [d]	—	—	—	40,531	**108,243**
Share-based compensation (related to ARA) [f] [i]	—	—	—	5,884	**9,166**
Transaction costs related to ARA acquisition [f] [ii]	—	—	27,818	22,463	**—**
Listing expenses [h]	16,345	—	—	—	**—**
Adjusted PATMI	261,522	286,466	377,258	654,623	**400,338**

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

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

Group Financial Summary

EXPLANATION OF ADJUSTING ITEMS

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

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

(c) Impairment on goodwill and other intangible assets recorded within "Administrative expenses" represent impairment on goodwill and trust management rights of non-core business.

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

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

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

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

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

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

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

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

Corporate Information

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

NON-EXECUTIVE DIRECTORS
Mr Jeffrey David PERLMAN
(Chairman of the Board)
Mr Charles Alexander PORTES
(Group Co-founder)
Mr Wei HU
(retired on 7 June 2023)
Mr Hwee Chiang LIM
Dr Kwok Hung Justin CHIU
Mr Rajeev Veeravalli KANNAN
Ms Joanne Sarah MCNAMARA
(w.e.f. 1 Jan 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr Brett Harold KRAUSE
Mr Simon James MCDONALD
Ms Jingsheng LIU
Ms Serene Siew Noi NAH
Ms Wei-Lin KWEE

COMPANY SECRETARY
Mr Richard Kin-sing LEE

MEMBERS OF AUDIT COMMITTEE
Mr Simon James MCDONALD
(Chairman)
Mr Brett Harold KRAUSE
Ms Serene Siew Noi NAH

MEMBERS OF NOMINATION COMMITTEE
Mr Brett Harold KRAUSE
(Chairman)
Ms Jingsheng LIU
Ms Serene Siew Noi NAH

MEMBERS OF REMUNERATION COMMITTEE
Mr Brett Harold KRAUSE
(Chairman)
Mr Jeffrey David PERLMAN
Mr Simon James MCDONALD
Ms Wei-Lin KWEE

AUTHORISED REPRESENTATIVES
Mr Jinchu SHEN
Mr Richard Kin-sing LEE

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