

Company Registration No. 198601009N

Allgreen Properties Limited and
its subsidiary companies

Annual Report
For the financial year ended 31 December 2021



Allgreen Properties Limited and its subsidiary companies

Directors' Statement

Directors

Kuok Oon Kwong
Lee Yew Kwung
Teo Keng Chiong
Suraya Bte Abdullah @ Kuok Suon Kwong
Yong Hsin Yue
Simon Ho
Thai Kum Foon
Low Soon Teck (Alternate to Yong Hsin Yue)
Tho Leong Chye

Company Secretary

Ooi Pooi Teng

Registered Office

1 Kim Seng Promenade
#07-01 Great World City
Singapore 237994

Principal Bankers

Standard Chartered Bank
DBS Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Malayan Banking Berhad
Overseas-Chinese Banking Corporation Limited
United Overseas Bank Limited

Auditor

Ernst & Young LLP

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Allgreen Properties Limited and its subsidiary companies

Directors' Statement

The directors are pleased to present their statement to the member together with the audited consolidated financial statements of Allgreen Properties Limited (the "Company") and its subsidiary companies (collectively, the "Group"), and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Kuok Oon Kwong
Lee Yew Kwung
Teo Keng Chiong
Suraya Bte Abdullah @ Kuok Suon Kwong
Yong Hsin Yue
Simon Ho
Thai Kum Foon
Low Soon Teck (Alternate to Yong Hsin Yue)
Tho Leong Chye

In accordance with Article 94 of the Company's Constitution, Kuok Oon Kwong and Suraya Bte Abdullah @ Kuok Suon Kwong retire from the Board at the Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 95 of the Company's Constitution, Tho Leong Chye and Low Soon Teck retire from the Board at the Annual General Meeting and being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

According to the Register of Directors' Shareholdings' required to be kept by the Company under Section 164 of the Companies Act 1967, none of the directors who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of the related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Allgreen Properties Limited and its subsidiary companies

Directors' Statement

Options

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiary companies.

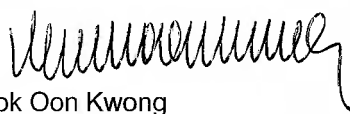
No shares were issued by virtue of the exercise of options.

There were no unissued shares of the Company or of its subsidiary companies under option at the end of the financial year.

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:



Kuok Oon Kwong
Chairman



Lee Yew Kwung
Chief Executive Officer

Singapore
5 May 2022

Allgreen Properties Limited and its subsidiary companies

**Independent Auditor's Report
For the financial year ended 31 December 2021**

Independent Auditor's Report to the Member of Allgreen Properties Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Allgreen Properties Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

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

Allgreen Properties Limited and its subsidiary companies

Independent Auditor's Report For the financial year ended 31 December 2021

Independent Auditor's Report to the Member of Allgreen Properties Limited (cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Allgreen Properties Limited and its subsidiary companies

**Independent Auditor's Report
For the financial year ended 31 December 2021**

Independent Auditor's Report to the Member of Allgreen Properties Limited (cont'd)

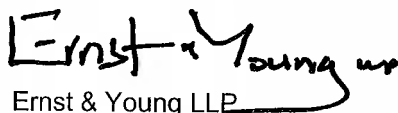
Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

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



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

5 May 2022

Allgreen Properties Limited and its subsidiary companies

**Balance Sheets
As at 31 December 2021**

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	482,517	480,974	1,267	1,578
Investment property under construction	5a	499,231	—	—	—
Investment properties	5b	2,388,500	2,318,000	—	—
Right-of-use assets		172	55	666	1,333
Deposits	12	—	219,693	—	—
Other assets	25	12,024	2,589	—	—
Subsidiary companies	6	—	—	1,959,727	1,905,732
Associated companies	7	642,230	638,463	—	—
Equity instrument at FVOCI	15	6,140	—	—	—
Derivative assets	22	13,772	—	—	—
		4,044,586	3,659,774	1,961,660	1,908,643
Current assets					
Development properties	8	599,755	1,057,463	168,253	193,529
Contract cost	8	383,381	169,889	2,399	11,953
Contract assets	9	403,989	107,650	33,805	6,264
Trade receivables	10	39,456	12,728	1,280	—
Other receivables	11	41,020	27,797	269	3,299
Deposits	12	328	860	7	59
Prepayments		1,254	2,702	72	132
Associated companies classified as held-for-sale	13	1,601	—	—	—
Cash and cash equivalents	14	192,282	119,256	18,858	2,493
		1,663,066	1,498,345	224,943	217,729
Total assets		5,707,652	5,158,119	2,186,603	2,126,372
EQUITY AND LIABILITIES					
Equity attributable to owner of the Company					
Share capital	16	1,177,185	1,177,185	1,177,185	1,177,185
Reserves	17	239,820	195,727	—	—
Retained earnings		1,464,559	1,321,736	619,703	574,577
		2,881,564	2,694,648	1,796,888	1,751,762
Non-controlling interests	18	445,413	437,046	—	—
Total equity		3,326,977	3,131,694	1,796,888	1,751,762

Allgreen Properties Limited and its subsidiary companies

**Balance Sheets
As at 31 December 2021**

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current liabilities					
Borrowings	19	1,811,345	1,684,410	138,430	–
Lease liabilities		132	12	–	742
Rental deposits	20	15,039	15,179	–	–
Deferred tax liabilities	21	71,538	82,460	–	–
Derivative liabilities	22	–	4,183	–	–
		1,898,054	1,786,244	138,430	742
Current liabilities					
Trade payables	23	70,657	22,002	7,162	4,382
Rental deposits	20	8,062	6,626	–	–
Other payables	24	39,262	29,840	5,238	2,188
Contract liabilities	9	89,170	–	–	–
Advances from subsidiary companies	26	–	–	237,916	220,751
Borrowings	19	263,973	165,430	–	144,430
Lease liabilities		48	49	686	611
Government grant		–	559	–	–
Provision for taxation		11,449	10,578	283	1,356
Derivative liabilities	22	–	5,097	–	150
		482,621	240,181	251,285	373,868
Total liabilities		2,380,675	2,026,425	389,715	374,610
Total equity and liabilities		5,707,652	5,158,119	2,186,603	2,126,372
Net current assets/(liabilities)		1,180,445	1,258,164	(26,342)	(156,139)
Net assets		3,326,977	3,131,694	1,796,888	1,751,762

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Allgreen Properties Limited and its subsidiary companies

**Consolidated Income Statement
For the financial year ended 31 December 2021**

		Group	
	Note	2021 \$'000	2020 \$'000
Revenue	27	881,500	298,638
Cost of sales		(730,761)	(192,756)
Gross profit		150,739	105,882
Other income	28	21,818	13,340
Distribution and selling expenses		(11,990)	(6,058)
Administrative expenses		(21,799)	(22,323)
Other expenses		(30,800)	(20,145)
Finance costs		(30,256)	(37,398)
Share of results of associated companies		(8,430)	20,687
Profit before fair value changes on investment properties and financial derivatives		69,282	53,985
Fair value gain on investment properties	5b	57,127	380
Net change in fair value of derivative financial liabilities		21,241	(4,680)
Profit before taxation	29	147,650	49,685
Taxation	30	(5,193)	(4,604)
Profit for the year		142,457	45,081
Profit attributable to:			
Owner of the Company		142,823	45,267
Non-controlling interests		(366)	(186)
		142,457	45,081

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Allgreen Properties Limited and its subsidiary companies

**Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2021**

	Note	Group 2021 \$'000	2020 \$'000
Profit for the year		142,457	45,081
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation surplus/(deficit) on property, plant and equipment	4	8,676	(9,879)
Deferred tax on revaluation surplus		10,054	1,679
Net loss on equity instrument designated at fair value through other comprehensive income		(640)	—
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		34,973	18,498
Hedge reserve		1,810	—
Other comprehensive income for the year, net of taxation		54,873	10,298
Total comprehensive income for the year		197,330	55,379
Total comprehensive income attributable to:			
Owner of the Company		186,916	59,232
Non-controlling interests		10,414	(3,853)
		197,330	55,379

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Allgreen Properties Limited and subsidiary companies

**Statements of Changes in Equity
For the financial year ended 31 December 2021**

	Attributable to owner of the Company							Equity attributable to owner of the Company total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital (Note 16) \$'000	Reserves total \$'000	Asset revaluation reserve (Note 17) \$'000	Fair value reserve of financial asset at FVOCI (Note 17) \$'000	Hedging reserve (Note 17) \$'000	Foreign currency translation reserve (Note 17) \$'000	Retained earnings \$'000			
As at 1 January 2021	1,177,185	195,727	186,171	—	—	9,556	1,321,736	2,694,648	437,046	3,131,694
Profit for the year	—	—	—	—	—	—	142,823	142,823	(366)	142,457
Other comprehensive income										
Revaluation surplus on property, plant and equipment	—	4,807	4,807	—	—	—	—	4,807	3,869	8,676
Deferred tax expense on revaluation surplus	—	5,570	5,570	—	—	—	—	5,570	4,484	10,054
Net loss on equity instrument designated at fair value through other comprehensive income	—	(640)	—	(640)	—	—	—	(640)	—	(640)
Net change in fair value of derivative	—	1,810	—	—	1,810	—	—	1,810	—	1,810
Foreign currency translation	—	32,546	—	—	—	32,546	—	32,546	2,427	34,973
Other comprehensive income for the year	—	44,093	10,377	(640)	1,810	32,546	—	44,093	10,780	54,873
Total comprehensive income for the year, net of tax	—	44,093	10,377	(640)	1,810	32,546	142,823	186,916	10,414	197,330

Allgreen Properties Limited and subsidiary companies

**Statements of Changes in Equity
For the financial year ended 31 December 2021**

Group	Attributable to owner of the Company							Total equity \$'000		
	Share capital (Note 16) \$'000	Reserves total \$'000	Asset revaluation reserve (Note 17) \$'000	Fair value reserve of financial asset at FVOCI (Note 17) \$'000	Hedging reserve (Note 17) \$'000	Foreign currency translation reserve (Note 17) \$'000	Equity attributable to owner of the Company total \$'000		Retained earnings \$'000	Non- controlling interests \$'000
<u>Contribution by and distributions to owner</u>										
Liquidation of a subsidiary company	-	-	-	-	-	-	-	-	(716)	(716)
Total transactions with owner in its capacity as owner										
	-	-	-	-	-	-	-	-	(716)	(716)
Repayment of loan to non-controlling interest of subsidiary companies										
	-	-	-	-	-	-	-	-	(1,331)	(1,331)
As at 31 December 2021	1,177,185	239,820	196,548	(640)	1,810	42,102	2,881,564	1,464,559	445,413	3,326,977

Allgreen Properties Limited and subsidiary companies

**Statements of Changes in Equity
For the financial year ended 31 December 2021**

Group	Attributable to owner of the Company					Total equity \$'000
	Share capital (Note 16) \$'000	Reserves total \$'000	Asset revaluation reserve (Note 17) \$'000	Foreign currency translation reserve (Note 17) \$'000	Retained earnings \$'000	Equity attributable to owner of the Company total \$'000
As at 1 January 2020	1,177,185	181,762	190,714	(8,952)	1,276,469	3,070,188
Profit for the year	–	–	–	–	45,267	45,081
<u>Other comprehensive income</u>						
Revaluation deficit on property, plant and equipment	–	(5,473)	(5,473)	–	–	(9,879)
Deferred tax expense on revaluation deficit	–	930	930	–	–	1,679
Foreign currency translation	–	18,508	–	18,508	–	18,498
Other comprehensive income for the year	–	13,965	(4,543)	18,508	–	10,298
Total comprehensive income for the year, net of tax	–	13,965	(4,543)	18,508	45,267	55,379

Allgreen Properties Limited and subsidiary companies

**Statements of Changes in Equity
For the financial year ended 31 December 2021**

Group	Attributable to owner of the Company					
	Share capital (Note 16) \$'000	Reserves total \$'000	Asset revaluation reserve (Note 17) \$'000	Foreign currency translation reserve (Note 17) \$'000	Retained earnings \$'000	Equity attributable to owner of the Company total \$'000
					Non-controlling interests \$'000	Total equity \$'000
<u>Contribution by and distributions to owner</u>						
Liquidation of subsidiaries company	-	-	-	-	-	(164)
Dividends paid to non-controlling interests of a subsidiary company	-	-	-	-	-	(1,640)
Total transactions with owner in its capacity as owner	-	-	-	-	-	(1,804)
Loan from non-controlling interest of subsidiary companies	-	-	-	-	-	7,931
As at 31 December 2020	1,177,185	195,727	186,171	9,556	1,321,736	2,694,648
					437,046	3,131,694

Allgreen Properties Limited and its subsidiary companies

**Statements of Changes in Equity
For the financial year ended 31 December 2021**

	Share capital (Note 16) \$'000	Retained earnings \$'000	Total equity \$'000
Company			
As at 1 January 2021	1,177,185	574,577	1,751,762
Profit for the year	–	45,126	45,126
Total comprehensive income for the year, net of tax	–	45,126	45,126
As at 31 December 2021	1,177,185	619,703	1,796,888
As at 1 January 2020	1,177,185	568,167	1,745,352
Profit for the year	–	6,410	6,410
Total comprehensive income for the year, net of tax	–	6,410	6,410
As at 31 December 2020	1,177,185	574,577	1,751,762

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Allgreen Properties Limited and its subsidiary companies

Consolidated Statement of Cash Flows
For the financial year ended 31 December 2021

	Group	
	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	147,650	49,685
Adjustments for:		
Depreciation of property, plant and equipment	10,921	16,432
Depreciation of right-of-use assets	60	173
Fair value gain on investment properties	(57,127)	(380)
Loss on disposal of property, plant and equipment	7	13
Interest income	(217)	(1,648)
Interest expense	29,682	36,483
Share of results of associated companies	(9,000)	(20,687)
Impairment loss on investment in associates	17,430	—
(Write-back)/Allowance for impairment loss of trade receivables, net	(105)	168
Amortisation of capitalised cost	589,700	135,877
Net change in fair value of financial derivatives	(21,242)	4,680
Loss on liquidation of subsidiary company	4,520	—
Net effect of currency alignment	9,684	(1,089)
Operating cash flows before working capital changes	721,963	219,707
Decrease in inventories	—	46
Increase in development properties	(414,861)	(17,772)
Increase in capitalised costs	(45,442)	(4,611)
Increase in deposits for purchase of properties and other deposits	(1,198)	(3,918)
Increase in trade and other receivables	(44,783)	(96,087)
Increase/(Decrease) in trade and other payables	11,255	(6,957)
Increase/(Decrease) in rental deposits	1,296	(2,600)
Cash generated from operations	228,230	87,808
Interest paid	(29,123)	(32,247)
Income tax paid	(5,146)	(6,563)
Net cash generated from operating activities	193,961	48,998
Cash flows from investing activities		
Additions to investment properties and investment property under construction	(384,067)	(14,620)
Increase in other assets	(8,838)	(1,647)
Additions to property, plant and equipment	(4,392)	(3,025)
Additions to right-of-use assets	—	(74)
Proceeds from capital reduction in an associated company	6,203	2,947
Advances to associated companies	(125)	(2,218)
Non-controlling interests share of proceeds on liquidation of subsidiaries	(747)	(4)
Dividends from associated companies	14,900	22,858
Advances to non-controlling shareholders	(275)	(2)
Interest received	217	1,648
Purchase of equity instrument designated at fair value through other comprehensive income	(6,780)	—
Proceeds on liquidation of subsidiary company	40,242	—
Net cash (used in)/generated from investing activities	(343,662)	5,863

Allgreen Properties Limited and its subsidiary companies

**Consolidated Statement of Cash Flows
For the financial year ended 31 December 2021**

	Group	
	2021	2020
	\$'000	\$'000
Cash flows from financing activities		
Quasi-equity loans from non-controlling interests	900	5,700
(Repayment to)/Advances from non-controlling interests	(2,231)	2,231
Repayment of loan from an associated company	–	(50)
Payment of principal portion of lease liabilities	(63)	(165)
Dividends paid to non-controlling interests of subsidiary companies	–	(1,640)
Proceeds from issuance of long term notes	–	250,000
Drawdown of bank borrowings	605,236	753,132
Repayment of bank borrowings	(379,758)	(1,008,647)
Net cash generated from financing activities	224,084	561
Net increase in cash and cash equivalents	74,383	55,422
Cash and cash equivalents at 1 January	119,256	63,272
Effect of exchange rate changes on cash and cash equivalents	(1,357)	562
Cash and cash equivalents at 31 December (Note 14)	192,282	119,256

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

1. Corporate information

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated and domiciled in the Republic of Singapore. The immediate and ultimate holding company is Brookvale Investments Pte Ltd.

The registered office and principal place of business of the Company is located at 1 Kim Seng Promenade, #07-01 Great World City, Singapore 237994. The Company also undertakes property development activities at the following location:

- (a) Juniper Hill
39 Ewe Boon Road, Singapore

The principal activities of the Company are that of investment holding and to develop properties for sale. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$), and all values in the tables are rounded to the nearest thousand (\$'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial period beginning on 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and Company.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but are not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
<i>Amendment to FRS 116 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
<i>Amendments to FRS 103: References to the Conceptual Framework</i>	1 January 2022
<i>Amendments to FRS 37: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to FRS 16: Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to FRS 109: Financial Instruments and illustrative examples accompanying FRS 116: Leases</i>	1 January 2022
<i>Amendments to FRS 1: Classification of Liabilities as current or non-current</i>	1 January 2023
<i>Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to FRS 8: Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to FRS 12: Deferred taxes related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>Amendments to FRS 110: Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or contribution of Assets between Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will not have any material impact on the financial statements in the year of initial application.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary company, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained profits, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated are tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Property, plant and equipment, and depreciation

Hotel property, which includes interests in leasehold land and buildings and their integral fixed plant and machinery and fittings, is stated at valuation, less accumulated depreciation. It is stated at directors' valuation based upon the advice of professional valuers on the open market value at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

On disposal of the hotel property, the net surplus on revaluation is transferred directly to retained earnings.

All other items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to profit or loss as incurred. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.5 *Property, plant and equipment, and depreciation (cont'd)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	-	lease term of 95 years
Buildings	-	50 years
Plant, machinery, furniture, fittings, equipment and computers	-	3 to 10 years
Motor vehicles	-	5 to 10 years
Operating supplies	-	5 years

Construction-in-progress comprises materials and contractors' costs based on architects' certification in relation to refurbishment of the hotel property. No depreciation is provided for construction-in-progress.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

For acquisitions and disposals during the year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the books of accounts until they are no longer in use.

The residual values, useful lives and depreciation methods are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

Operating supplies comprise linen, chinaware, glassware and silverware. Items in use are regarded as part of the necessary operating supplies of the hotel and are shown under property, plant and equipment. Items held in the stores are regarded as inventories. Issues from stores for replacement to maintain the level of operating supplies in the hotel are charged to profit or loss.

2.6 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially recorded at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.6 *Investment properties (cont'd)*

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

Additions, improvements and renewals resulting from subsequent expenditure are capitalised and expenditure for repairs and maintenance are charged to profit or loss when incurred.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.7 *Subsidiary companies*

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it 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.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost, less impairment losses.

2.8 *Associated companies*

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associated companies using the equity method from the date on which it becomes an associated company.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associated company's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associated companies is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. The profit or loss reflects the share of results of the operations of the associated companies. Distributions received from associated companies reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated companies, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associated company are eliminated to the extent of the interest in the associated company.

2. Summary of significant accounting policies (cont'd)

2.8 Associated companies (cont'd)

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associated companies. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value, and recognises the amount in profit or loss.

The financial statements of the associated companies are prepared at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are primarily determined on a first-in-first-out basis and include freight and handling charges.

When necessary, allowance is provided for damaged, obsolete, slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.10 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Company's own use, rental or capital appreciation.

Development properties are held as inventories and measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for foreseeable losses is made when it is anticipated that the net realisable value has fallen below cost.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2. Summary of significant accounting policies (cont'd)

2.11 *Contract assets/liabilities*

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

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company 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 Company performs under the contract.

2.12 *Financial instruments*

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.

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

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 to profit or loss. Dividends are recognised as other income in the statement of 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 OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

Financial liabilities (cont'd)

Subsequent measurement (cont'd)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition of the original liability and the recognition of a new liability, and the difference in 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 presented in the balance sheets, when and only when, 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.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and bank deposits which are subject to an insignificant risk of changes in value, and which form an integral part of the Group's cash management.

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that non-financial asset may be impaired. If any indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value, less costs of disposal and its value-in-use 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at its revalued amount, in which case the reversal is treated as a revaluation increase.

2.15 *Impairment of financial assets*

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

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 recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.15 *Impairment of financial assets (cont'd)*

For trade receivables, 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 considers 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.

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.17 *Rental deposits*

Rental deposits relate to deposits received from tenants at the Group's investment properties. The accounting policy for rental deposits as a financial liability is set out in Note 2.12.

2.18 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.18 Taxes (cont'd)

(b) Deferred tax

Deferred income tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associated companies, where 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, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associated companies, deferred tax assets are recognised only 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 the end of each reporting period 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 the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

2. Summary of significant accounting policies (cont'd)

2.18 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.19 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.20 Revenue recognition (cont'd)

(a) Sale of development properties

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction costs incurred to date as a proportion of the estimated total construction costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, usually upon transfer of legal title.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Company recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

Cost to obtain contract

Commission paid to property agents on the sale of development properties will be capitalised as incremental costs to obtain a contract with customer if these costs are recoverable. These costs are amortised consistently with the pattern of revenue recognised for the related contract to profit or loss.

(b) Rental income

Rental income arising from operating leases on investment properties and development properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Hotel operations

Revenue from hotel operations is recognised when services are rendered and accepted by customers.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.20 Revenue recognition (cont'd)

(d) Others

Interest income is recognised on a time-apportioned basis using the effective interest method.

Dividend income is recognised when the Group's and Company's right to receive payment is established.

2.21 Leases

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

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Machinery	- 2 years
Other equipment	- 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment based on the accounting policy asset out in Note 2.14.

2. Summary of significant accounting policies (cont'd)

2.21 Leases (cont'd)

As a lessee (cont'd)

(b) 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. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. 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 bases as rental income. The accounting policy for rental income is set out in Note 2.20(b). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.22 Employee benefits

(a) Defined contribution plan

The Group makes contributions to the Central Provident Fund ("CPF") in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

2.23 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain general managers are considered key management personnel.

2.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.25 Foreign currencies

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. 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.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

2. Summary of significant accounting policies (cont'd)

2.25 Foreign currencies (cont'd)

Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary company that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and is not recognised in profit or loss. For partial disposals of associated companies that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.26 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.27 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (cont'd)

2.28 *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary company and fellow subsidiary company is related to the others);
 - (ii) one entity is an associated company or joint venture of the other entity (or an associated company or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities 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 associated company of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (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).

2.29 *Government grant*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to income, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2. Summary of significant accounting policies (cont'd)

2.30 Associated companies classified as held-for-sale

The Group classifies associated companies classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Associated companies classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Investment in associated companies held for sale has been measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

Additional disclosures are provided in Note 13.

3. Significant accounting estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgment made in applying accounting policies*

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

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on the evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, and so accounts for the contracts as operating leases.

3. Significant accounting estimates and judgments (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Revenue recognition on sale of development properties under construction

The Group recognises revenue for pre-completion sales of development properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured in accordance with the accounting policy set out in Note 2.20(a) to the financial statements. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amount of development properties as well as the revenue from sale of development properties are disclosed in Note 8 and Note 27 to the financial statements respectively.

(ii) Impairment of non-financial assets

Development properties held for sale

The Group assesses whether there are any indicators of impairment for development properties held for sale at each reporting date. Impairment for development properties held for sale is made when the net realisable value has fallen below cost. In arriving at estimates of net realisable values, management considered factors such as current market conditions, recent selling prices of the development properties and comparable development properties. The impairment for development properties held for sale is disclosed in Note 8.

Investments in associated companies

The Group assesses at each reporting date whether there is any objective evidence that investments in associated companies are impaired. Where there is objective evidence of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows to be generated by the associated companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows which reflects the risk profile of the investee and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the recoverable amount of the investee.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting estimates and judgments (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(ii) Impairment of non-financial assets (cont'd)

Investments in associated companies (cont'd)

There was an increase in the level of estimation uncertainty in determining the recoverable value of the investments in associated companies as at 31 December 2021 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

The carrying amount of the investments in associated companies at the reporting date has been disclosed in the Group's balance sheet.

(iii) Revaluation of hotel property and investment properties

The Group carries its hotel property and investment properties at fair value, with changes in fair values being recognised in other comprehensive income and profit or loss respectively.

The fair values of the hotel property and investment properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques may consider both Income Method and Comparison Method.

The determination of the fair value of the hotel property and investment properties includes consideration of actual revenue, room rates and occupancy rates, property expenses as well as the projected sustainable income in the following years based on market rent and prevailing market conditions. These estimates are based on local market conditions existing at the end of each reporting period.

There was an increase in the level of estimation uncertainty in determining the fair value of the hotel property investment properties as at 31 December 2021 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

(iv) Income taxes

Significant judgment is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's and the Company's provision for taxation at 31 December 2021 were approximately \$11,449,000 (2020: \$10,578,000) and \$283,000 (2020: \$1,356,000). The carrying amounts of the Group's and the Company's deferred tax liabilities at 31 December 2021 were \$71,538,000 (2020: \$82,460,000) and \$Nil (2020: \$Nil) respectively.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting estimates and judgments (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(v) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 95 (2020: 3 to 95) years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 December 2021 are stated in Note 4 to the financial statements. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

(vi) Fair value of equity instrument at FVOCI

Equity instrument at FVOCI is measured at fair value, which is determined annually. The fair value is determined using the revalued net asset valuation method. The key assumptions used to determine the fair value of the investment is provided in Note 35.

The carrying amount of the Company's equity instrument at FVOCI as at 31 December 2021 was \$6,140,000 (2020: \$Nil).

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

4. Property, plant and equipment

Group	Hotel property \$'000	Plant, machinery, furniture, fittings, equipment and computers \$'000	Motor vehicles \$'000	Operating supplies \$'000	Construction- in- progress \$'000	Total \$'000
Cost or valuation						
At 1 January 2020	500,000	26,985	30	1,086	426	528,527
Additions	899	1,810	—	—	316	3,025
Disposals	—	(699)	—	(6)	—	(705)
Revaluation surplus	(25,899)	—	—	—	—	(25,899)
At 31 December 2020 and 1 January 2021	475,000	28,096	30	1,080	742	504,948
Additions	1,250	2,852	—	—	290	4,392
Reclassification	—	—	—	—	(597)	(597)
Disposals	(38)	(460)	—	—	—	(498)
Revaluation surplus	(1,212)	—	—	—	—	(1,212)
At 31 December 2021	475,000	30,488	30	1,080	435	507,033

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

4. Property, plant and equipment (cont'd)

Group (cont'd)	Hotel property \$'000	Plant, machinery, furniture, fittings, equipment and computers \$'000	Motor vehicles \$'000	Operating supplies \$'000	Construction- in- progress \$'000	Total \$'000
Accumulated depreciation						
At 1 January 2020	–	23,363	30	861	–	24,254
Depreciation for the year	16,020	363	–	49	–	16,432
Disposals	–	(692)	–	–	–	(692)
Revaluation surplus	(16,020)	–	–	–	–	(16,020)
At 31 December 2020 and 1 January 2021	–	23,034	30	910	–	23,974
Depreciation for the year	9,926	978	–	17	–	10,921
Disposals	(38)	(453)	–	–	–	(491)
Revaluation surplus	(9,888)	–	–	–	–	(9,888)
At 31 December 2021	–	23,559	30	927	–	24,516
Net book value						
At 31 December 2021	475,000	6,929	–	153	435	482,517
At 31 December 2020	475,000	5,062	–	170	742	480,974

Hotel property, carried at valuation, consists of leasehold land, building, plant and machinery and fittings with net carrying values of \$357,000,000 (2020: \$357,000,000), \$115,746,200 (2020: \$115,439,400) and \$2,253,800 (2020: \$2,560,600) respectively as at 31 December 2021.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2021

4. Property, plant and equipment (cont'd)

Revaluation of hotel property

	Group	
	2021	2020
	\$'000	\$'000
Hotel property		
Transfer to asset revaluation reserve	8,676	(9,879)

The Group engaged an independent firm of professional valuers to determine the fair value of the hotel property as at 31 December 2021 and 31 December 2020. The property was valued on the basis of open market value. As at 31 December 2021, the market value of the hotel property was assessed to approximate \$475,000,000 (2020: \$475,000,000).

If the hotel property was measured using the cost model, the net carrying amount would be as follows:

	Group	
	2021	2020
	\$'000	\$'000
Cost	259,946	258,734
Accumulated depreciation	(131,384)	(127,221)
Net carrying value	128,562	131,513

	Construction-in-progress, furniture, fittings, equipment and computers
	\$'000
Company	
Cost	
At 1 January 2020	1,301
Additions	1,240
Disposals	(633)
At 31 December 2020 and 1 January 2021	1,908
Additions	529
Disposals	(9)
At 31 December 2021	2,428

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

4. Property, plant and equipment (cont'd)

Company (cont'd)	Construction-in-progress, furniture, fittings, equipment and computers \$'000
Accumulated depreciation	
At 1 January 2020	812
Depreciation for the year	147
Disposals	(629)
At 31 December 2020 and 1 January 2021	330
Depreciation for the year	840
Disposals	(9)
At 31 December 2021	1,161
Net book value	
At 31 December 2021	1,267
At 31 December 2020	1,578

5a. Investment property under construction

	Group	
	2021 \$'000	2020 \$'000
Capitalised costs	499,231	–

The balance as at year end represents the capitalised cost in respect of the commercial component for the slated mixed commercial and residential development at the land parcel (Lot 03235K MK29) located at Pasir Ris Drive 3/ Pasir Ris Drive 8/ Pasir Ris Central in Singapore. During the year, the possession of the land was delivered to entities within the Group with full payment of the tender price.

During the year, the below borrowing costs relating to bank loans were capitalised as part of investment property under construction. The rates used to determine the amount of borrowings costs eligible for capitalisation ranged from 1.23% to 1.32% per annum (2020: Nil per annum).

(a) Borrowing costs capitalised during the financial year were paid/payable to:

	Group	
	2021 \$'000	2020 \$'000
Bank	3,327	–

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

5b. Investment properties

	Group	
	2021	2020
	\$'000	\$'000
Freehold properties	2,075,000	2,000,000
Leasehold property	313,500	318,000
	2,388,500	2,318,000

The movements in investment properties are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Balance sheet:		
At 1 January	2,318,000	2,303,000
Additions (subsequent expenditure)	13,373	14,620
Fair value gain recognised in profit or loss	57,127	380
At 31 December	2,388,500	2,318,000
Income statement:		
Rental income	106,319	82,933
Direct operating expenses arising from investment properties that generated rental income	(25,131)	(22,202)

The investment properties which include interests in land and buildings and their integral plant and machinery and fittings, are valued using the Income Method and Comparison Method assessed on 31 December 2021 and 31 December 2020 by a firm of independent professional valuers, who have appropriate recognised professional qualifications and recent experience in the location and category of the investment properties being valued. The determination of the fair values of the investment properties includes consideration of actual revenue and occupancy rates, property expenses as well as the projected sustainable income in the following years based on market rent and prevailing market conditions. These estimates are based on local market conditions existing at the end of each reporting date. As at 31 December 2021, the market values of the investment properties of the Group were assessed to be \$2,388,500,000 (2020: \$2,318,000,000).

The investment properties held by the Group as at 31 December are as follows:

Properties	Existing use	Tenure	Unexpired lease term
1 Kim Seng Promenade, Singapore 237994	Office/ Retail	Freehold	Freehold
2 Kim Seng Walk, Singapore 239404	Serviced apartment	Freehold	Freehold
91 Tanglin Road, Singapore 247918	Office/ Retail	Freehold	Freehold
163 Tanglin Road, Singapore 247933	Retail	99 years leasehold commencing from 31 May 1991	69 years

Investment properties amounting to \$2,010,000,000 (2020: \$1,935,000,000) have been mortgaged to secure borrowings (Note 19).

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

6. Subsidiary companies

	Company	
	2021	2020
	\$'000	\$'000
Unquoted equity investments, at cost	757,224	752,625
Impairment losses	(224,400)	(239,300)
	<u>532,824</u>	<u>513,325</u>
Loans to subsidiary companies:		
Quasi-equity*	1,173,979	1,148,981
Interest-bearing**	252,924	243,426
	<u>1,426,903</u>	<u>1,392,407</u>
Total	<u>1,959,727</u>	<u>1,905,732</u>

An analysis of allowance for impairment on investment in subsidiary companies is as follows:

	Company	
	2021	2020
	\$'000	\$'000
At 1 January	239,300	239,300
Write-back of allowance for impairment	(14,900)	—
At 31 December	<u>224,400</u>	<u>239,300</u>

In the current financial year, management performed an impairment test on the investments in Allgreen Properties (Tianjin) Pte. Ltd, and \$14,900,000 of impairment loss was written back.

* These loans are unsecured and form part of the Company's net investment in subsidiary companies. Settlements are neither planned nor likely to occur in the foreseeable future.

** These loans are unsecured and their carrying values approximate their fair values as they bear interest at variable rates which approximate rates for similar types of borrowing arrangements. The effective interest rate is 0.71% (2020: 0.98%) per annum.

Allgreen Properties Limited and its subsidiary companies**Notes to the financial statements
For the financial year ended 31 December 2021**

6. Subsidiary companies (cont'd)**a. Composition of the Group**

Details of the subsidiary companies are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2021 %	2020 %	
Allgreen Properties (Chengdu) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Qinhuangdao) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Shanghai) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Shenyang) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Tianjin) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Vietnam) Pte. Ltd.	Singapore	100	100	Investment holding
Arcadia Development Pte. Ltd. #	Singapore	90	90	Property developer and owner
Belfin Investments Pte. Ltd.	Singapore	100	100	Investment holding
Benefit Investments Pte. Ltd. *	Singapore	—	100	Property developer and owner
Bukit Batok Development Pte. Ltd.	Singapore	90	90	Property developer and owner

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2021

6. Subsidiary companies (cont'd)

a. Composition of the Group (cont'd)

Details of the subsidiary companies are as follows: (cont'd)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2021 %	2020 %	
Cuscaden Properties Pte. Ltd.	Singapore	55.4	55.4	Owner and operator of a hotel cum shopping complex
GWC Commercial Pte. Ltd.	Singapore	100	100	Owner and operator of a mixed development comprising offices and shops
GWC Serviced Apartments Pte. Ltd.	Singapore	100	100	Owner and operator of serviced apartments
Jeston Investments Pte. Ltd.	Singapore	100	100	Investment holding
Leo Property Management Private Limited	Singapore	100	100	Project and property management, and estate agent
Midpoint Properties Limited	Singapore	100	100	Dormant
Allgreen Treasury Pte. Ltd.	Singapore	100	100	Treasury services
Pine I Residential Pte. Ltd. (f.k.a. Perfect Bright Pte. Ltd.)	Singapore	100	100	Investment holding
Phoenix Commercial Pte. Ltd.	Singapore	70	70	Property developer and owner
Phoenix Residential Pte. Ltd.	Singapore	70	70	Property developer and owner
Allgreen Alternative Ventures Pte. Ltd.	Singapore	100	100	Investment holding
Project Kingfisher Pte. Ltd.	Singapore	60	60	Dormant
Pine I Commercial Pte. Ltd.	Singapore	100	—	Dormant
Pine II Residential Pte. Ltd.	Singapore	100	—	Dormant
Pine II Commercial Pte. Ltd.	Singapore	100	—	Dormant

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements **For the financial year ended 31 December 2021**

6. Subsidiary companies (cont'd)

a. Composition of the Group (cont'd)

Details of the subsidiary companies are as follows: (cont'd)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2021 %	2020 %	
Dragon Residential Pte. Ltd.	Singapore	60	—	Dormant
Dragon Commercial Pte. Ltd.	Singapore	60	—	Dormant
Rufiji Pte. Ltd.	Singapore	100	100	Property developer and owner
Sky Top Investments Pte. Ltd.	Singapore	100	100	Property developer and owner
Tanglin Place Development Pte. Ltd. ⁽¹⁾	Singapore	55.4	55.4	Owner and operator of an office cum shopping complex
Valleypoint Investments Pte. Ltd.	Singapore	100	100	Property developer and owner
Allgreen Property Management Services Co., Ltd. ⁽²⁾	Vietnam	100	100	Real estate management and consultancy services
Allgreen-Vuong Thanh Company Limited. ^{(2)*}	Vietnam	—	98	Real estate management and consultancy services
Allgreen-Vuong Thanh Properties Company Limited. ^{(2)#}	Vietnam	98	98	Property developer and owner

In member's voluntary liquidation

* Dissolved

(1) Subsidiary company of Cuscaden Properties Pte. Ltd.

(2) Subsidiary companies of Allgreen Properties (Vietnam) Pte. Ltd.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2021

6. Subsidiary companies (cont'd)

b. Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Loss allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
31 December 2021					
Cuscaden Properties Pte. Ltd. and its subsidiary company	Singapore	44.6	(191)	363,105	—
31 December 2020					
Cuscaden Properties Pte. Ltd. and its subsidiary company	Singapore	44.6	(202)	354,942	1,365

c. Summarised financial information about subsidiary with material NCI

	Cuscaden Properties Pte. Ltd. and its subsidiary company	
	2021	2020
	\$'000	\$'000
Summarised balance sheet		
Current assets	24,412	17,976
Non-current assets	871,091	864,968
Total assets	895,503	882,944
Current liabilities	(12,461)	(17,233)
Non-current liabilities	(68,906)	(69,876)
Total liabilities	(81,367)	(87,109)
Net assets	814,136	795,835
Summarised statement of comprehensive income		
Revenue	31,902	36,730
Loss after tax	(428)	(452)
Other comprehensive income/(loss)	18,730	(8,200)
Total comprehensive income/(loss)	18,302	(8,652)
Other summarised information		
Net cash generated from operating activities	5,158	13,730
Net cash used in investing activities	(2,180)	(1,546)
Net cash generated from/(used in) financing activities	3,965	(3,169)

Allgreen Properties Limited and its subsidiary companies**Notes to the financial statements
For the financial year ended 31 December 2021****6. Subsidiary companies (cont'd)****d. Liquidation of subsidiary company**

The Group liquidated Allgreen-Vuong Thanh Company Limited on 27 April 2021 at its carrying value.

The value of assets and liabilities of Allgreen-Vuong Thanh Company Limited recorded in the consolidated financial statements as at 27 April 2021, and the cash flow effect of the liquidation were:

	Group 2021 \$'000
Cash and cash equivalents	40,242
Carrying value of net assets	40,242
Less: NCI	(747)
Net cash inflow on liquidation of subsidiary company	39,495

7. Associated companies

	Group 2021 \$'000	2020 \$'000
Unquoted equity investments, at cost	417,747	450,660
Less: capital reduction	–	(8,675)
Loans to associated companies	96,261	96,136
Share of foreign currency translation reserve	41,651	14,719
Share of other post-acquisition reserves	86,571	85,623
	642,230	638,463

The loans to associated companies comprise foreign currency loans amounting to US\$66,122,000 (2020: US\$66,122,000) and RMB55,000,000 (2020: RMB55,000,000), which form part of the Group's net investment in the associated companies. The loans are unsecured, and settlement is neither planned nor likely to occur in the foreseeable future.

Aggregate information of the Group's investments in associated companies is as follows:

	Group 2021 \$'000	2020 \$'000
Profit after tax	948	20,687
Other comprehensive income	26,932	19,025
Total comprehensive income	27,880	39,712

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2021

7. Associated companies (cont'd)

Details of the associated companies are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2021 %	2020 %	
Central Laundry Pte. Ltd. (1) @	Singapore	13.8	13.8	Provision of laundry services
Hengyun Real Estate (Tangshan) Co., Ltd (2)	China	25	25	Property developer of a mainly residential apartments development
Kerry Development (Chengdu) Ltd. (3)	China	25	25	Property developer of a mainly residential apartments development
Kerry (Shenyang) Real Estate Development Co., Ltd. (4) @	China	15	15	Property developer and owner and operator of a mixed development comprising offices, residences, retail and ancillary facilities
Lucky Billion Development (Qinhuangdao) Co., Ltd. (5) @	China	10	10	Property developer of a mainly residential complex
Ruihe Real Estate (Tangshan) Co., Ltd (2)	China	25	25	Property developer of a mainly hotel development
Shanghai Pudong Kerry City Properties Co., Ltd. (6) @	China	16	16	Property developer and owner and operator of a mixed development comprising offices, serviced apartments, retail and hotel

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements For the financial year ended 31 December 2021

7. Associated companies (cont'd)

Details of the associated companies are as follows: (cont'd)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2021	2020	
		%	%	
Shangri-La Hotel (Shenyang) Co., Ltd. ⁽⁴⁾ @	China	15	15	Developer and operator of hotel and hotel management
Tianjin Kerry Real Estate Development Co., Ltd ⁽⁷⁾	China	31	31	Property developer and owner and operator of a mixed development comprising residences, retail and hotel
Wealthy Plaza Development (Chengdu) Ltd. ⁽³⁾	China	25	25	Property developer of a mainly residential apartments development

@ Deemed to be an associated company as the Group has significant influence over the financial and operating policies of this entity due to its board representation

(1) Associated company of Cuscaden Properties Pte. Ltd.

(2) Associated companies of Jeston Investments Pte. Ltd.

(3) Associated companies of Allgreen Properties (Chengdu) Pte. Ltd., which are classified as held-for sale at 31 December 2021 (Note 13)

(4) Associated companies of Allgreen Properties (Shenyang) Pte. Ltd.

(5) Associated company of Allgreen Properties (Qinhuangdao) Pte. Ltd.

(6) Associated company of Allgreen Properties (Shanghai) Pte. Ltd.

(7) Associated company of Allgreen Properties (Tianjin) Pte. Ltd.

Allgreen Properties Limited and its subsidiary companies**Notes to the financial statements
For the financial year ended 31 December 2021****7. Associated companies (cont'd)**

The summarised financial information in respect of the Group's material investments in associated companies, Shanghai Pudong Kerry City Properties Co., Ltd and Kerry Shenyang Real Estate Co., Ltd based on their financial statements and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follow:

Summarised balance sheet

	Shanghai Pudong Kerry City Properties Co., Ltd	
	2021	2020
	\$'000	\$'000
Current assets	67,403	72,288
Non-current assets	1,473,844	1,384,199
Total assets	1,541,247	1,456,487
Current liabilities	93,037	95,884
Non-current liabilities	196,945	258,810
Total liabilities	289,982	354,694
Net assets	1,251,265	1,101,793
Proportion of the Group's ownership	16%	16%
Group's share of net assets	200,202	176,287
Carrying amount of the investment	200,202	176,287

Summarised statement of comprehensive income

	Shanghai Pudong Kerry City Properties Co., Ltd	
	2021	2020
	\$'000	\$'000
Revenue	172,231	144,473
Profit after tax, representing total comprehensive income	99,705	61,683

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

7. Associated companies (cont'd)

Summarised balance sheet

	Kerry Shenyang Real Estate Co., Ltd	
	2021	2020
	\$'000	\$'000
Current assets	765,983	599,956
Non-current assets	821,130	725,683
Total assets	1,587,113	1,325,639
Current liabilities	427,464	182,130
Non-current liabilities	16,551	15,856
Total liabilities	444,015	197,986
Net assets	1,143,098	1,127,653
Proportion of the Group's ownership	15%	15%
Group's share of net assets	171,465	169,148
Carrying amount of the investment	171,465	169,148

Summarised statement of comprehensive income

	Kerry Shenyang Real Estate Co., Ltd	
	2021	2020
	\$'000	\$'000
Revenue	66,296	230,848
(Loss)/profit after tax, representing total comprehensive (loss)/income	(29,424)	88,068

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

8. Development properties

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Completed properties held for sale	223,407	853	—	—
Properties under development	376,348	1,056,610	168,253	193,529
	599,755	1,057,463	168,253	193,529

Income statement:

	Group	
	2021	2020
	\$'000	\$'000
Development properties recognised as an expense in cost of sales (Note 29)	139,976	28,971

(a) Borrowing costs capitalised during the financial year were paid/payable to:

	Group	
	2021	2020
	\$'000	\$'000
Bank	1,588	—

Borrowing cost ceases to be capitalised when the development properties are ready for intended pre-sale.

(b) Development properties of \$598,902,000 (2020: \$1,056,459,000) and \$168,253,000 (2020: \$193,529,000) are pledged for bank facilities granted to the Group and Company respectively (Note 19).

Contract costs

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Capitalised incremental costs of obtaining contract				
– commission costs paid to property agents				
At beginning of the year	5,696	5,096	601	464
Additions	50,053	4,611	2,618	529
Amortisation	(33,208)	(4,011)	(3,066)	(392)
At end of the year	22,541	5,696	153	601

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

8. Development properties (cont'd)

Contract costs (cont'd)

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Capitalised fulfilment costs				
– related to sale of development properties				
At beginning of the year	164,193	157,703	11,352	11,736
Additions	753,139	138,356	50,434	5,721
Amortisation	(556,492)	(131,866)	(59,540)	(6,105)
At end of the year	360,840	164,193	2,246	11,352

Details of the development properties held by the Group as at 31 December are as follows:

Project Name	Location	Description
<u>Completed properties</u>		
SkySuites@ Anson	Enggor Street, Singapore	Remaining unit in the 365-unit, 99 year leasehold development (commencing 20 November 2007)
Royalgreen	Anamalai Avenue, Singapore	285-unit, freehold condominium development
One strata unit at GS Building	Lorong Ampas, Singapore	Freehold strata factory unit
<u>Properties under development</u>		
Fourth Avenue Residences	Lot 07301P MK04 at Fourth Avenue, Singapore	476-unit, 99 year leasehold development (commencing 7 March 2018)
Juniper Hill	39 Ewe Boon Road, Singapore	115-unit, freehold condominium development
Pasir Ris 8	Lot 03235V MK 29, at Pasir Ris Drive 3/ Pasir Ris Drive 8/ Pasir Ris Central, Singapore	487-unit, 99 year leasehold development (commencing 5 July 2021)

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

9. Contract assets/(liabilities)

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Contract assets	403,989	107,650	33,805	6,264
Contract liabilities	(89,170)	–	–	–

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

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays 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.

10. Trade receivables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade receivables	39,461	12,896	1,280	–
Less: Allowance for impairment	(5)	(168)	–	–
Total trade receivables	39,456	12,728	1,280	–
Add:				
Other receivables (Note 11)	41,020	27,797	269	3,299
Cash and cash equivalents (Note 14)	192,282	119,256	18,858	2,493
Deposits (Note 12)	328	860	7	59
Less:				
Value-added tax/GST receivables (Note 11)	(15,934)	(485)	–	–
Total financial assets carried at amortised cost	257,152	160,156	20,414	5,851

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements For the financial year ended 31 December 2021

10. Trade receivables (cont'd)

Trade receivables, excluding accrued receivables, generally have average credit terms of 7 to 30 (2020: 7 to 30) days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Accrued receivables represent accrued sales for development properties that have not been served notice to take possession yet.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$2,058,000 (2020: \$2,572,000) that are past due at the end of the reporting period but not impaired. These receivables, which relate primarily to sale of development properties and leasing at investment properties, are secured either via legal recourses that the Group has against the purchasers of development properties in the event of default or rental deposits obtained from the tenants. An analysis of their aging at the end of the reporting period is as follows:

	2021 \$'000	2020 \$'000
Less than 30 days	1,592	1,563
31 to 60 days	220	520
61 to 90 days	158	222
More than 90 days	88	267
	<u>2,058</u>	<u>2,572</u>

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movements in the allowance account used to record the impairment are as follows:

	Group	
	2021 \$'000	2020 \$'000
Trade receivables - nominal amounts	5	168
Allowance for impairment	(5)	(168)
	<u>—</u>	<u>—</u>
Movements in allowance account:		
At 1 January	168	—
Charge for the year (Note 29)	5	222
Write-back to income statement (Note 29)	(110)	(54)
Utilised during the year	(58)	—
	<u>5</u>	<u>168</u>
At 31 December	5	168

During the reporting period, the Group has made an allowance of \$5,000 (2020: \$222,000) for impairment, written back an allowance of \$110,000 (2020: \$54,000) and utilised \$58,000 (2020: \$Nil) subsequent to a debt recovery assessment.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2021

11. Other receivables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Advances to non-controlling interests of subsidiary companies ⁽ⁱ⁾	2,328	2,053	—	—
Non-trade amounts due from associated companies of subsidiary companies ⁽ⁱⁱ⁾	17,157	13,970	—	—
Non-trade amounts due from subsidiary companies ⁽ⁱⁱⁱ⁾	—	—	146	3,192
Recoverable expenses	1,919	421	—	—
Value-added tax/GST receivables	15,934	485	—	—
Dividend receivables	—	10,060	—	—
Others	3,682	808	123	107
Total other receivables	41,020	27,797	269	3,299

(i) These advances arise from surplus funds of subsidiary companies. They are advanced in proportion to their respective shareholding structure and are unsecured, interest-free and repayable on demand.

(ii) These amounts are unsecured, non-interest bearing and are repayable on demand. Included in the balance are amounts of \$13,812,000 (2020: \$13,542,000) that are denominated in USD.

(iii) Amounts due from subsidiary companies are interest-free and generally have average credit terms of 14 (2020: 14) days.

Other receivables denominated in foreign currencies at year end are as follows:

	Group	
	2021	2020
	\$'000	\$'000
United States Dollar	13,812	13,542
Renminbi	3,345	12,086

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements For the financial year ended 31 December 2021

12. Deposits

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current:				
Deposit with a subsidiary company	—	—	—	54
Other deposits	328	860	7	5
	328	860	7	59
Non-current:				
Deposits for professional fees relating to purchase of properties	—	1,956	—	—
Deposits for purchase of properties	—	220,088	—	—
Total deposits	—	222,044	—	—
Less: Allowance for impairment:				
At 1 January	2,351	2,351	—	—
Written off during the year	(2,351)	—	—	—
At 31 December	—	2,351	—	—
Net carrying value	—	219,693	—	—

Deposits for purchase of properties comprises of the following items:

- (i) This represents 5% of a land value which amounted to USD \$Nil (2020: USD1,745,000) paid for a site at Dong Nai Riverfront in Vietnam. As the Group does not have the intention to proceed with the project and the counterparty has indicated that they face difficulty in refunding the deposit, a full allowance for impairment loss has been made in the last financial year. This deposit has been fully written off as at 31 December 2021.
- (ii) In 2020, 25% of land costs paid for the acquisition of Pasir Ris Central Site for a mixed commercial and residential development. The deposit has been reclassified to development properties and investment property under construction for the current financial year.

13. Associated companies classified as held-for-sale

On 29 April 2021, Allgreen Properties (Chengdu) Pte Ltd, a wholly-owned subsidiary of the Group entered into a share transfer agreement to sell its entire interest in associated companies, Kerry Development (Chengdu) Ltd. and Wealthy Plaza Development (Chengdu) Ltd. The share transfer is expected to be completed within a year from the reporting date. Consequently at 31 December 2021, the Group's investments in associated companies was classified as non-current assets held for sale.

Immediately before the classification of the associated companies classified as held for sale, the recoverable amount was estimated and a write-down of \$17,430,000 was recognised during the financial year to reduce the assets to their fair value less costs to sell.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

14. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Fixed deposits	2,732	29,010	—	—
Cash and bank balances:				
Current accounts	189,550	90,246	18,858	2,493
	<u>192,282</u>	<u>119,256</u>	<u>18,858</u>	<u>2,493</u>

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group	
	2021	2020
	\$'000	\$'000
United States Dollar	349	3,182
Vietnamese Dong	784	38,352

15. Equity instrument at FVOCI

	Group	
	2021	2020
	\$'000	\$'000
Unquoted equity investment:		
RF CorVal Industrial Infill Trust	6,140	—
	<u>6,140</u>	<u>—</u>

The Group holds non-controlling interest in the Trust. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

Reconciliation of fair value measurement of unquoted equity investment classified as equity instruments designated at fair value through OCI:

	\$'000
At 1 January 2021	—
Purchases	6,780
Remeasurement recognised in OCI	(640)
At 31 December 2021	<u>6,140</u>

At the end of the reporting period, the Group has not recognised deferred tax asset of \$95,975 (2020: \$Nil) in relation to fair value loss recorded on the unquoted equity investment due to uncertainty of its recoverability.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

16. Share capital

	Group and Company	
	2021	2020
	\$'000	\$'000
Issued and fully paid:		
1,590,381,075 (2020: 1,590,381,075) ordinary shares	1,177,185	1,177,185

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at shareholder meetings. All shares rank equally with regard to the Company's residual assets. The ordinary shares have no par value.

17. Reserves

(a) ***Asset revaluation reserve***

Asset revaluation reserve represents increases in the fair value of hotel property, net of tax.

(b) ***Foreign currency translation reserve***

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company.

(c) ***Fair value reserve of financial asset at FVOCI***

This represents the cumulative fair value changes, net of tax, of financial assets designated at fair value through other comprehensive income until they are derecognised.

(d) ***Hedge reserve***

This represents the cumulative hedging reserves, net of tax, of derivatives assets/(liabilities) designated at fair value through other comprehensive income until they are derecognised.

18. Loans from non-controlling interest

Included in non-controlling interests are quasi-equity (net investments) loans of \$76,296,000 (2020: \$77,627,000), which were granted to Group entities in proportion to the non-controlling interests' respective shareholdings in the subsidiary companies.

The quasi-equity loans are unsecured and repayments are neither planned nor likely to occur in the foreseeable future.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

19. Borrowings

			Group		Company	
	Interest rates	Maturity	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current:						
Secured loans	0.89% - 1.37% (2020: 0.78% - 2.46%)	2022 (2020: 2021)	263,973	165,430	–	144,430
Non-current:						
Secured loans	0.91% - 1.37% (2020: 0.83% - 2.68%)	2023 - 2025 (2020: 2022 – 2025)	1,561,345	1,434,410	138,430	–
Long term note	3.15% (2020: 3.15%)	2025 (2020: 2025)	250,000	250,000	–	–
			1,811,345	1,684,410	138,430	–
Total borrowings			2,075,318	1,849,840	138,430	144,430

The secured loans are secured by:

- assignment of subsidiaries' rights, title and interest in the insurance policies and tenancy agreements relating to the investment properties and all monies standing to the credit of the rental account;
- legal mortgages, assignment of the subsidiaries' rights, title and interests in the building agreements, construction contracts, insurance policies, sale and purchase agreements, and any other contracts in connection with the development properties; and
- corporate guarantee provided by the Company.

On 16 January 2020, the Group issued \$250,000,000 in aggregate principal amount of notes, under its \$2 billion multicurrency debt issuance programme, which was established on 5 November 2019. The notes will mature in January 2025 and bear an interest of 3.15% per annum (2020: 3.15% per annum) payable in arrears.

As at 31 December 2021 and at 31 December 2020, the Group has complied with the financial covenants imposed by the bank.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

19. Borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

2021	1 January \$'000	Cash flows \$'000	31 December \$'000
Borrowings	1,849,840	225,478	2,075,318
2020			
Borrowings	1,855,355	(5,515)	1,849,840

20. Rental deposits

Included in rental deposits are amounts totalling \$248,000 (2020: \$248,000) received from a shareholder of the holding company and its fellow subsidiary companies.

21. Deferred tax liabilities

	Group	
	2021 \$'000	2020 \$'000
At 1 January	82,460	87,229
Transfer to income statement: - current year (Note 30)	(868)	(3,090)
Gain on revaluation of property, plant and equipment	(10,054)	(1,679)
At 31 December	71,538	82,460

The balance represents tax on the following temporary differences:

	Group	
	2021 \$'000	2020 \$'000
Excess of net book value over tax written down value of qualifying property, plant and equipment	10,710	13,629
Revaluation surplus of property, plant and equipment	58,777	68,831
Others	2,051	—
	71,538	82,460

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2021

22. Derivative financial assets/(liabilities)

The Group entered into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The Group held interest rate swaps with a total notional amount of \$1,040,000,000 (2020: \$905,000,000) to provide fixed rate funding for terms between 3.4 to 4 years till 31 May 2025 to 5 July 2025 (2020: 0.3 to 5 years till 26 April 2021 to 28 February 2025).

The carrying value of the Group's derivative financial assets/(liabilities) represents the total financial assets/(liabilities) of the Group which are held at fair value through profit or loss and other comprehensive income:

		Group		Company	
	Maturity	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Current:					
Derivatives liabilities	2021	—	(5,097)	—	(150)
Non-current:					
Derivatives assets - FVPL	2025	11,962	—	—	—
Derivatives assets - FVOCI	2025	1,810	—	—	—
Derivatives liabilities	2025	—	(4,183)	—	—

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

23. Trade payables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Third parties	70,657	22,000	7,116	4,137
Amount due to subsidiary companies	—	—	43	245
Amounts due to associated company of a subsidiary company	—	2	—	—
Total trade payables	70,657	22,002	7,159	4,382
Add:				
Other payables (Note 24)	39,262	29,840	5,241	2,188
Advances from subsidiary companies (Note 26)	—	—	237,916	220,751
Rental deposits (Note 20)	23,101	21,805	—	—
Borrowings (Note 19)	2,075,318	1,849,840	138,430	144,430
Less:				
GST payable	(1,425)	(1,375)	—	—
Income received in advance	(2,203)	(1,277)	—	—
Total financial liabilities carried at amortised cost	2,204,710	1,920,835	388,746	371,751

Trade payables generally have average credit term of 30 (2020: 30) days.

Amounts due to subsidiary companies, associated company and related companies are interest-free and generally have average credit terms of 14 (2020: 14) days.

24. Other payables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Deposits received	76	80	—	—
Retention payables	15,864	15,520	1,830	1,830
Accruals	15,270	6,873	—	—
Other payables	8,052	7,367	369	358
Amount due to subsidiary companies	—	—	3,042	—
	39,262	29,840	5,241	2,188

Amounts due to subsidiary companies are interest-free and generally have average credit terms of 14 (2020: 14) days.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

25. Other assets

Other assets relate to work-in-progress as part of the ongoing asset enhancement initiative at one of the Group's investment properties.

26. Advances from subsidiary companies

These advances are interest free, unsecured and repayable on demand.

27. Revenue

Revenue includes those from sale of development properties, hotel operations, project and property management fees, marketing fees, estate agency fees, rental and related income from investment properties, but excludes applicable goods and services tax. Revenue from sale of development properties, hotel operations, project and property management fees and rental related income are recognised over time. Revenue from marketing fees and estate agencies fees are recognised at a point in time.

Revenue by significant categories is detailed as follows:

	Group	
	2021	2020
	\$'000	\$'000
Sale of development properties	752,330	183,226
Rental and related income from investment properties	113,127	87,918
Revenue from hotel operations	15,945	22,876
Others	98	4,618
	881,500	298,638

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
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28. Other income

	Group	
	2021	2020
	\$'000	\$'000
Recovery income	14,988	3,336
Interest income	217	1,648
Advertising and promotion collections	919	561
Foreign exchange gain	551	611
Rental income	34	33
Government grant	3,590	4,317
Others	1,519	2,834
	21,818	13,340

29. Profit before taxation

	Group	
	2021	2020
	\$'000	\$'000
Profit before taxation is arrived at after including the following:		
Cost of development properties included in cost of sales (Note 8)	(139,976)	(28,971)
Depreciation of property, plant and equipment (Note 4)	(10,921)	(16,432)
Inventories recognised as cost of sales	—	(1,608)
Loss on disposal of property, plant and equipment	(7)	(13)
Loss on liquidation of a subsidiary company	(4,520)	—
Directors' remuneration and fees		
- Salaries, bonuses and fees	(2,369)	(1,520)
- CPF contributions	(49)	(21)
Staff costs (excluding directors' remuneration and fees)		
- Salaries, bonus and other related costs	(19,075)	(20,366)
- CPF contributions	(2,114)	(2,115)
Other expenses		
- Foreign exchange loss	(459)	(1,918)
- Net amount written back/(provision) for impairment loss of trade receivables (Note 10)	105	(168)
Interest expense from bank loans	(29,682)	(36,483)

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2021

30. Taxation

	Group	
	2021	2020
	\$'000	\$'000
Current taxation	8,811	7,722
Over provision in respect of prior years	(2,155)	(2,111)
Withholding tax	(595)	2,083
	6,061	7,694
Deferred taxation (Note 21)		
- Charge for the year	7,932	(3,090)
- Over provision in respect of prior years	(8,800)	—
	(868)	(3,090)
Total	5,193	4,604

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group	
	2021	2020
	\$'000	\$'000
Profit before taxation	147,650	49,685
Share of results of associated companies, net of taxation	8,430	(20,687)
	156,080	28,998
Tax at statutory rate of 17% (2020: 17%)	26,534	4,930
Adjustments:		
Non-deductible expenses	13,307	2,252
Non-taxable income	(20,035)	(852)
Exempt income	(105)	(105)
Utilisation of deferred tax assets on temporary differences not recognised in prior years	—	(12)
Deferred tax assets not recognised	968	1,452
Over provision of taxation in respect of prior years	(10,955)	(2,111)
Withholding tax	(595)	—
Tax rebate	(4)	—
Others	(3,922)	(950)
	5,193	4,604

At the end of the reporting period, the Group has unutilised tax losses approximately \$5,402,000 (2020: \$4,254,000) that are available for offset against future taxable profits of the Group for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the Inland Revenue Authority of Singapore and compliance with certain provisions of the Income Tax Act of Singapore. The tax losses have no expiry date.

Allgreen Properties Limited and its subsidiary companies

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For the financial year ended 31 December 2021

31. Commitments

- (a) Commitments contracted but not provided for in the financial statements are as follows:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Capital expenditure in respect of:				
Development properties	235,540	317,902	3,809	21,200
Investment properties	34,534	4,026	—	—
Investment property under construction	192,117	345,505	—	—

- (b) Lease commitment as lessor:

The Group has entered into commercial property leases on its investment properties and its completed properties. These non-cancellable leases have remaining lease terms of between 1 to 94 (2020: 1 to 58) months. The Group has earned contingent rents of \$4,060,000 (2020: \$2,779,000) during the financial year.

Future minimum lease receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Not later than one year	90,681	87,650
Later than one year but not later than five years	129,621	135,668
	220,302	223,318

- (c) Indemnities:

	Group	
	2021	2020
	\$'000	\$'000
Indemnities given to financial institutions for performance guarantees granted	73,664	466,811

Allgreen Properties Limited and its subsidiary companies**Notes to the financial statements
For the financial year ended 31 December 2021****32. Financial support**

As at 31 December 2021 and 2020, the Company has provided financial support to certain subsidiary companies which are either in a net current liabilities position or net liabilities position, in order to enable them to continue on a going concern basis. The aggregate net current liabilities and net liabilities position of these subsidiary companies as at 31 December 2021 amounted to \$42,843,000 (2020: \$25,434,000) and \$137,000 (2020: \$38,000), respectively.

33. Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Group and the Company with related parties at negotiated rates:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>With subsidiary companies</u>				
Accounting, secretarial and other support service fees received	—	—	2,873	4,734
Property management fees received	—	—	3,795	3,156
Interest income	—	—	1,818	2,408
Office rental and related charges	—	—	709	713
Marketing and administration fees paid	—	—	414	401
Project management fee paid	—	—	274	91
<u>With corporate shareholder and subsidiary companies of its immediate holding company</u>				
Lease rental received	7,207	6,282	—	—
Treasury and other support service fees paid	2,962	2,990	2,962	2,990
<u>With associated company</u>				
Laundry services paid	354	481	—	—
Lease rental received	80	34	—	—
<u>With related companies</u>				
Hotel management fees and royalties paid	730	953	—	—
Marketing and administration fees paid	119	308	—	—
<u>With key management personnel</u>				
Salaries, directors' fees and other short-term employee benefits	6,047	5,800	2,428	2,312
CPF contributions	191	213	53	56
Comprise amount paid to:				
Directors of the Company	1,889	1,566	1,889	1,566
Other key management personnel	4,349	1,775	592	802

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2021

34. Financial risk management objectives and policies

The Group is exposed to credit risk, foreign currency risk, interest rate risk, and liquidity risk arising in the normal course of business. Management continually monitors the Group's risk management process to ensure that appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures these risks.

(a) *Credit risk*

Credit risk is the risk of a financial loss that may arise on outstanding financial instruments should a counter-party default on its obligation.

Trade receivables comprise mainly from the Group's customers who bought residential units at development properties, tenants of commercial properties and guests of hotel property.

The following situations may give rise to credit risk:

The tenants of investment properties and purchasers of development properties may default on their obligations to pay the amounts owing to the Group. For investment properties, the Group's policy is to obtain sufficient rental deposits or bankers' guarantees, where appropriate, to mitigate credit risk.

For development properties, the Group has policies in place to ensure that sales are made to purchasers after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property. Unless the selling price falls by more than the portion of purchaser's deposits retained, which is remote, the Group would not be in a loss position in selling those properties.

Cash and fixed deposits are placed with financial institutions which are regulated and reputable.

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the balance sheets, except as follows:

	Company	
	2021 \$'000	2020 \$'000
Indemnities and corporate guarantees provided to financial institutions on subsidiary companies' utilised credit facilities	54,687	54,187

Credit risk concentration profile

At the end of the reporting period, the Group does not have any significant concentration risk.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits are placed with or entered into with reputable financial institutions or counterparties with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 10 and 11.

(b) Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Group is exposed to foreign currency risk on currencies other than Singapore Dollar.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD, AUD and RMB exchange rate against the respective functional currencies of the Group entities, with all other variables held constant:

	Group	
	2021	2020
	Profit	Profit
	before	before
	taxation	taxation
	\$'000	\$'000
<u>Increase/(decrease)</u>		
USD/SGD		
- strengthened by 5% (2020: 5%)	5,165	5,206
- weakened by 5% (2020: 5%)	(5,165)	(5,206)
RMB/SGD		
- strengthened by 5% (2020: 5%)	140	442
- weakened by 5% (2020: 5%)	(140)	(442)

34. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its interest-bearing deposits and borrowings from financial institutions.

The Group's policy is to minimise its interest rate risk exposures while obtaining sufficient funds for business expansion and working capital needs. To achieve this, the Group regularly assesses and monitors its cash with reference to its business plans and day-to-day operations. The Group also has interest rate swaps whose details are disclosed in Note 22.

The Group manages its interest cost by using a mix of fixed and variable rate borrowings, and medium-term notes, and close monitoring of the interest rate market.

Sensitivity analysis for interest rate risk

Movement in interest rates will have an impact on the Group's financial assets and liabilities. A change of 50 basis points ("bp") in interest rates at the reporting date would change profit/(loss) before taxation by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Company	
	2021	2020	2021	2020
	Profit before taxation		Profit before taxation	
<u>Increase/(decrease)</u>	\$'000	\$'000	\$'000	\$'000
Interest rate				
- decrease by 50 bp	8,189	6,591	(568)	(799)
- increase by 50 bp	(8,189)	(6,591)	568	799

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from the mismatches of maturities of financial assets and liabilities.

The Group monitors its liquidity needs by closely monitoring scheduled debt servicing payments for financial institutions and its cash outflows due to day-to-day operations, as well as ensuring the availability of funding through an adequate amount of credit facilities, both committed and uncommitted.

The Group also monitors its gearing closely. Details of its gearing are set out in Note 36 to the financial statements.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
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34. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	2021			2020		
	Less than 1 year \$'000	2 to 5 years \$'000	Total \$'000	Less than 1 year \$'000	2 to 5 years \$'000	Total \$'000
Financial assets:						
Trade and other receivables	64,542	—	64,542	40,040	—	40,040
Deposits	328	—	328	860	—	860
Cash and cash equivalents	192,282	—	192,282	119,256	—	119,256
Equity instrument at FVOCI	6,140	—	6,140	—	—	—
Derivatives assets	—	13,772	13,772	—	—	—
Total undiscounted financial assets	263,292	13,772	277,064	160,156	—	160,156
Financial liabilities:						
Trade and other payables and rental deposits	114,353	15,039	129,392	55,816	15,179	70,995
Borrowings	726,419	1,152,325	1,878,744	162,015	1,481,027	1,643,042
Lease liabilities	48	132	180	49	12	61
Derivative financial liabilities	—	—	—	4,280	3,394	7,674
Total undiscounted financial liabilities	840,820	1,167,496	2,008,316	222,160	1,499,612	1,721,772
Total net undiscounted financial liabilities	(577,528)	(1,153,724)	(1,731,252)	(62,004)	(1,499,612)	(1,561,616)

Allgreen Properties Limited and its subsidiary companies

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For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

Company	2021			2020		
	Less than 1 year \$'000	2 to 5 years \$'000	Total \$'000	Less than 1 year \$'000	2 to 5 years \$'000	Total \$'000
Financial assets:						
Trade and other receivables	1,549	—	1,549	3,299	—	3,299
Deposits	7	—	7	59	—	59
Cash and cash equivalents	18,858	—	18,858	2,493	—	2,493
Loans to subsidiary companies (interest-bearing)	1,796	260,235	262,031	2,386	253,204	255,590
Total undiscounted financial assets	22,210	260,235	282,445	8,237	253,204	261,441
Financial liabilities:						
Trade and other payables	12,400	—	12,400	6,570	—	6,570
Advances from subsidiary companies	237,916	—	237,916	220,751	—	220,751
Borrowing	1,592	138,828	140,420	146,104	—	146,104
Lease liabilities	686	—	686	611	742	1,353
Derivative financial liabilities	—	—	—	150	—	150
Total undiscounted financial liabilities	252,594	138,828	391,422	374,186	742	374,928
Total net undiscounted financial (liabilities)/assets	(230,384)	121,407	(108,977)	(365,949)	252,462	(113,487)

Construction delays can result in loss of revenue. The failure to complete construction of a project according to its planned specifications or schedule may result in liabilities, reduced project efficiency and lower returns. The Group manages this risk by closely monitoring the progress of all projects through all stages of construction.

35. Fair values of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Level 2 fair value measurements

Derivative financial instruments

The fair value of interest rate swap contracts is obtained from an independent financial institution. Valuation techniques using assumptions based on market conditions existing as at balance sheet date are used in the determination of the fair value of interest rate swaps.

Level 3 fair value measurements

The Group's hotel property and investment properties are categorised within Level 3 of the fair value hierarchy as the properties' fair values are determined based on comparable market transactions adjusted for significant unobservable inputs such as capitalisation rates, size, condition and remaining tenure relating to the specific property.

The fair value of the investment at fair value through other comprehensive income, which is an unquoted equity instrument in a property fund, is determined based on the Group's share of the net assets of the property fund with reference to the fair value of the underlying investment properties of the fund. The fair value of these underlying investment properties is determined based on significant unobservable inputs

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**Notes to the financial statements
For the financial year ended 31 December 2021**

35. Fair values of assets and liabilities (cont'd)

(a) Fair value hierarchy (cont'd)

Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 December 2021	Valuation techniques	Unobservable inputs	Range
Hotel property	\$475,000,000 (2020: \$475,000,000)	Comparison method	Open market value on per room key basis	\$841,000 (2020: \$841,000)
		Income method	Capitalisation rate	4.50% (2020: 4.50%)
Investment properties	\$2,388,500,000 (2020: \$2,318,000,000)	Comparison method	Open market value on net lettable area basis (commercial and retail)	\$1,739 - \$2,708 (2020: \$1,690 - \$2,169) psf
			Open market value on per room key basis (serviced apartment)	\$1,480,000 (2020: \$1,450,000)
		Income method	Capitalisation rate	3.13% - 4.75% (2020: 3.25% - 4.75%)

A significant increase/(decrease) in the capitalisation rate used in management's assumptions would result in a significantly lower/(higher) fair value measurement.

A significant increase/(decrease) in the open market values used in management's assumptions would result in a significantly higher/(lower) fair value measurement.

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
------	----------------------------	--

Investment properties held by property fund

Market based approach (recent actual transaction prices)	Price per square metre of gross leasable area of A\$1,368 to A\$1,723 (2020: Nil)	The estimated fair value would increase/(decrease) if the price per square metre of gross leasable area were higher/(lower).
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For all significant financial reporting valuations for directly owned property assets using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2021**

35. Fair values of assets and liabilities (cont'd)

(a) Fair value hierarchy (cont'd)

Level 3 fair value measurements (cont'd)

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts may, to the extent practicable, use a minimum of two valuation approaches to allow for cross-checks.

(b) Fair values of assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying values of the following financial assets and liabilities are reasonable approximations of fair values either due to their short-term nature or that they are repriced at market rates at or near the end of the reporting period or the difference between their carrying values and fair values is not significant: Cash and cash equivalents, trade and other receivables, deposits, advances from subsidiary companies and associated companies, rental deposits, bank borrowings and trade and other payables.

The interest-bearing portion of the loans to subsidiary companies is a reasonable approximation of its fair value, as it is a floating instrument repriced to market interest rates on annual basis.

Management has assessed and concluded that the carrying amount of the Group's long-term fixed rate notes does not differ materially from its fair value.

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36. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings, subject to the provisions of the Company's Constitution, and the Companies Act 1967. The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's current strategy is to maintain the gearing ratio below 1.2 times.

	Group	
	2021	2020
	\$'000	\$'000
Borrowings (Note 19)	2,075,318	1,849,840
Less: Cash and cash equivalents (Note 14)	(192,282)	(119,256)
Net debt	1,883,036	1,730,584
Total equity	3,326,977	3,131,694
Gearing	0.57	0.55

37. Event occurring after the reporting period

Allgreen Alternative Ventures Pte. Ltd., a wholly-owned subsidiary of the Group, acquired an additional 4,624,850 units in Rf Corval Industrial Infill Trust for a cash consideration of AUD 4,624,850 (S\$ 4,519,635) on 9 March 2022.